THE CHINA WEEKLY REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

July 5, 1941

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An Editorial

China's Financial Front

BY DR. H. H. KUNG

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AN EDITORIAL

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By John Ahlers

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What People Are Saying

Comments from readers on current topics are cordially invited; their opinions, however, do not necessarily represent the views of *The China Weekly Review*.

WHAT WILL JAPAN DO?

To the Editor:

Since Germany has startled the world by suddenly declaring war on Russia, one very interesting thing which has caused much speculation is what Japan will do. Will she attempt the so-called "Southern Expansion" drive as she has so vociferously threatened to do? Or will she follow the footsteps of her Axis partner, or rather leader, tear off the Neutrality Pact which she concluded with Russia just a little more than two months ago and stab the back of the latter?

But for the stabilizing force of the U.S.A. in the Pacific and the uncertainty of a British defeat, Japan would have embarked on the first course of action long ago. Now that American influence here remains the same and the British are far from being defeated (in fact, the sudden turn of the international situation is favorable to the side of the Democracies), then surely she has more reason than ever to halt than to rush.

As to the second course of action—the attack on Russia—certainly Japan has the same boldness and perfidy as Germany to do it, provided favorable opportunities occur for Russia is her traditional and avowed enemy and is always regarded by her as the one with whom she must fight sooner or later. Only the recent development of the international situation has forced her to seek the Russo-Japanese neutrality pact.

But today, as during the first World War, Russia is not fighting alone, but on the same line, if not in actual alliance, with the Democratic countries. If Japan attacks Russia at all, the question is not between them only, but affects all involved in the war. The outcome of the general struggle cannot be foreseen yet, and no one, even including Hitler, can be certain that the German legions will be victorious for ever. So, here again, we have reason to think that Japan will hesitate and adopt the "wait and see" policy for some time to come.

But, we have no right to assume that Japan will sit down idly. It is highly probable that she will try to exact more advantages from the Anglo-American group, by threat and other foul means, while at the same time repeating her military effort more strenously than ever to settle what she calls "The China Incident."

M.C.L.

Shanghai, June 25, 1941

NO PROSPERITY

To the Editor:

The ruling politicians in Tokyo are very fond of talking about the "sphere of co-prosperity" which Japan aims to establish in East Asia, and at least one Japanese newspaper, the **Kokumin**, has expressed the opinion that all of the U.S.S.R. east of the Ural Mountains should be included in this sphere.

Just consider what the Japanese have done in this country. In 1937, just prior to the Japanese invasion, China was experiencing greater well-being than ever before in her history. There had been several good crop years, industry was developing, and the country was peaceful and orderly. The Chinese dollar ranked high among the currencies of the world.

Today, there are 50,000,000 war refugees in the country, a huge army of people reduced to absolute beggary. Hundreds of thousands of people have lost their lives as a result of the activities of the Japanese military juggernaut. City after city, village after village, has been laid in ruins by the invaders. The economy of the country has been disrupted and brought to the lowest level. The Chinese dollar, which previously was worth 33 good American ents is now worth only one-sixth as much.

And things are going from bad to worse in this most important area of Japan's "co-prosperity" sphere. There can be no improvement until the freebooters get out, and they won't get out until they are driven out.

The Tokyo politicians may talk all they please about "co-prosperity." But every inhabitant of this country knows that "no prosperity" and not "co-prosperity" is the true meaning of the New Order in East Asia. Every Japanese knows it too. The common people of Dai Nippon are suffering from the "no prosperity" policy just as the Chinese are.

ANTI-BUNK

Shanghai, July 2, 1941

QUESTIONS

To the Editor:

I read last week that the Shanghai Municipal Police had been seizing copies of **The China Weekly Review** from newsstands in Shanghai, because of an article which the Japanese military considered offensive.

As an American publication, it is my understanding that **The Review** is subject to action only by the American authorities here, and by no one else. If this is not the case, what becomes of the extraterritorial rights supposedly enjoyed by American nationals, and their businesses, in China?

This, however, is not the only point I wish to make. Where it concerns protection of the Shanghai citizenry against conscienceless profiteers and racketeers, the Shanghai Municipal Council, which controls the Shanghai Municipal Police force, always declines to take any action on the plea that it does not have the requisite authority.

When, however, the Japanese military complain against an American journal and request police action, the S.M.C., without any legal authority, acts with

THE CHINA WEEKLY REVIEW

Cable Address "REVIEWING SHANGHAI"

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extraordinary celerity. Without hesitation they violate American extraterritorial rights and at the same time violate the principle of a free press.

Who is running the International Settlement—the S.M.C. or the Japanese Army?

AMERICAN

Shanghai, July 1, 1941

SILENT JOE

To the Editor:

A very strange fact upon which I have seen no comment by the press here or elsewhere is the complete silence which Dictator Joseph Stalin is maintaining. It is now nearly two weeks since Hitler launched his attack on Soviet Russia, but Stalin has had not a word to say about it in public, although he is the actual head of the Soviet Government.

In all other warring countries, the chiefs of state make periodical speeches and announcements. They appear on the political stage as the real leaders of their people, acquainting them with government policy, inspiring them with stirring messages, exhorting them to greater efforts, promising them deliverance. Winston Churchill does it, so do Franklin D. Roosevelt and Adolf Hitler.

Only Kremlin Joe is silent. Can it be that he is not the popular leader his propagandists have made him out to be? Is he afraid to be heard or seen in public? Or has he just nothing to say? Soviet Russia is in mortal peril, yet its "beloved leader" remains silent as the grave. In all history I do not know of another situation such as this. Perhaps you or some of your readers can furnish a plausible explanation for this most remarkable phenomenon.

MYSTIFIED

Shanghai, July 3, 1941

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Texas Corp	39½
U. S. Steel	55⅞

COMMODITIES

New York Cotton, July	14.60 Nom.
New York Rubber, Sept.	21.20B/30A
New York Hides, Sept.	14.40/40
Chicago Wheat July	104¼/104⅛
Chicago Corn, July	73⅜/73½
New York Sugar, No. 4, Sept	1.10B/10½A

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Demand Selling rate on London ... £1-0-0	=Sh.$73.14	=Sh.$73.14	=Sh.$73.14			=Sh.$73.84
Demand Buying rate on London ... £1-0-0	=Sh.$70.46	=Sh.$70.46	=Sh.$70.46			=Sh.$71.11

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Shanghai $100. equals Yen	22⅞	22⅞	22⅞	Holiday	Holiday	22⅛
Shanghai $100. equals Guilders	10	10	10			9⅞
Shanghai $100. equals Rupees	18⅜	18⅛	18⅛			18
Shanghai $100. equals Pesos	10⅜	10⅜	10⅜			10⅛
Shanghai $100. equals Hongkong $	22	21⅞	21⅞			21⅝

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VLADIVOSTOK LOOMS AS POSSIBLE NEXT OBJECTIVE OF JAPAN

THE Soviet Maritime Province, with its vital port and naval base at Vladivostok, has moved to a prominent place in international politics as a result of the Nazi-Soviet war because of the possibility that Japan may decide to strike at the U.S.S.R. in the East. As these lines are being written, the political and military strategists in Tokyo are still wrestling with the problem of what course to take in the transformed international situation.

BULLETIN

Complete agreement on "Japan's highest policy to deal with the new international situation" was reached at an Imperial Conference in Tokyo on July 2, according to an official announcement. The policy will not be made public, it was stated, but the Government will implement the policy by concrete measures "which will speak for themselves." These measures would soon take definite form and be put into action whenever it is deemed necessary, "Domei" reported. Among those attending the Imperial Conference were Prince Fumimaro Konoye, Premier; Mr. Yosuke Matsuoka, Foreign Minister; Baron Kiichiro Hiranuma, Home Minister, Mr. Isao Kawada, Finance Minister; Lieut.-General Hideki Tojo, War Minister, Admiral Koshiro Oikawa, Navy Minister; Lieut-General Teiichi Suzuki, Governor of the Planning Board; Dr. Yoshimichi Hara, President of the Privy Council; General Gen Sugiyama, Chief of the Army General Staff, and Admiral Osami Nagano, Chief of the Navy General Staff.

Washington's first concrete reaction to the Nazi-Soviet war was to unfreeze $40,000,000 worth of Soviet credits in the United States and to announce that henceforth export licenses would be issued for shipment of American war materials to the U.S.S.R. Vladivostok is the only Soviet port of consequence through which such materials could enter the country.

Mr. Koh Ishii, deputy spokesman of the Cabinet Information Board in Tokyo, was quick to announce Japan's displeasure over the prospect of American war materials entering the U.S.S.R. by way of Vladivostok. In a statement on June 27 he declared that such activity would be "very dangerous and would put Japan in a very awkward and embarrassing position." Undoubtedly it would, for Hitler might call upon Japan to honor her military alliance with Germany and halt American shipments to the U.S.S.R. via Vladivostok. At the same time, Japan has a treaty of neutrality and non-aggression with the U.S.S.R.

That, however, is only the "awkward and embarrassing" part of the situation. The "dangerous" part is the certainty that the United States would do something more than frown on any Japanese attempt to prevent American supplies reaching the U.S.S.R. through the port of Vladivostok. Japanese action of that kind could very easily precipitate a war with the United States.

Reactionary elements in Japan are exerting every effort to plunge Japan into war with the U.S.S.R. A *Havas* dispatch from Tokyo stated on June 26 that some of these elements, "traditional partisans of an anti-Russian policy," gathered in a well-known Tokyo restaurant two days previously and were expected to draft a statement to the Government, urging the adoption of a "vigorous policy" toward the U.S.S.R.

Among those who attended the meeting, said *Havas*, were Colonel Kingoro Hashimoto (of Panay fame), ultra-fascist leader of the Nippon Youth Party; Mitsuro Toyama, founder of the secret Black Dragon Society; General Senjuro Hayashi, former premier; Kenzo Adachi and Seigo Nakano, former leaders of nationalist groups now dissolved; and Soho Tokutomi, prominent imperialist historian. If these plotters can get their way, there is no doubt that Japan and the U.S.S.R. will be at war.

There are indications, however, that the reactionaries are somewhat perturbed by Hitler's new *Drang nach Osten* —so perturbed in fact, that they want to include all Soviet territory east of the Urals in Japan's "co-prosperity sphere." This idea was voiced on June 29 by the ultra-right newspaper *Kokumin*, which said that Japan would face a grave problem "if Axis hegemony were extended across the Urals into Asiatic Russia." Japan, the paper urged, should clearly define the geographical limits of Japan's co-prosperity sphere in East Asia, for the Asiatic "new order," and Hitler's "new order" in Europe, while reciprocally recognized in the Tripartite Pact, are now very vague and lack definite limits. "If the Axis sphere is to include the U.S.S.R., the Near East and Africa, there is no reason why Germany and Italy should not recognize Japan's influence over India, Australia, Iran, Iraq, Saudi Arabia and Soviet territory east of the Urals," the paper declared.

Two days previously, the paper had asserted that American aid to the U.S.S.R., which could arrive only through the port of Vladivostok, would "further complicate the international situation and extend the European war to the Far East." The outbreak of the Nazi-Soviet war, the paper continued, had rendered the Tripartite Alliance incompatible with the Soviet-Japanese neutrality pact. The Japanese people were warned to be prepared for the "consequences" of American aid to the U.S.S.R. The threat of war is implicit in this statement and it would be interesting to know to what extent it reflects the views of government circles in Japan.

A report from Berlin to the Tokyo *Nichi-Nichi*, *Havas* reported on June 29, stated that Wilhelmstrasse circles are of the opinion that Article V of the Japan-Axis alliance, which permitted Japan to remain neutral in the event of a Soviet-German war, has been rendered null and void by the outbreak of Soviet-German hostilities. "It appears, however," the French agency continued, "that Berlin is determined to give Tokyo all the time it

needs to reflect on developments, and this in the belief that the interests of Japan will coincide more and more with those of Germany as the Soviet-German war develops."

Japan's quandary was well summed up by the liberal English newspaper, the *Manchester Guardian*. "Japan is unlucky," the paper wrote on June 28. "She works so hard to profit at the expense of her neighbors, and something always goes wrong. She has won loud victories in the field, but the war with unbeaten China still drags her down. She has had what she calls great diplomatic successes, but today knows not where or how to make a gain from them . . . . Japan owes her situation largely to Hitler. He played on her anti-Russian sentiment. He outraged it by adopting Russia as a friend. He persuaded Japan that she would gain by doing the same thing. She did it and within three months he falls on Russia, leaving Japan with new temptations and new uncertainties."

The *Times of India*, published in Bombay, wrote the same day: "Compared with the diplomats of the Wilhelmstrasse, the Japanese have proved to be babes in arms. The Japanese, with sublime confidence, took what seemed the obvious precaution of getting a guarantee of Russian neutrality, but never considered the possibility of a clash between Russia and Germany. It cannot be much comfort to Mr. Matsuoka to reflect, as he must be doing, that one must have a long spoon to sup with Hitler. Tokyo must make up its mind that treaties have no value for Hitler and shape its policy accordingly."

Japanese newspapers have published rumors to the effect that a Triple Alliance embracing China, Britain and the United States has been concluded. This was officially denied in Chungking on June 28 by Dr. Wang Shih-chieh, director of the Publicity Department of the Kuomintang, who declared that the allegation was "absolutely without foundation." That the idea of such an alliance is favored in some Chinese quarters was indicated by the *National Herald*, prominent local Chinese organ, which in an editorial on June 25, three days after the commencement of the Nazi-Soviet war, urged immediate conclusion of such a pact "in order to strengthen the democratic front" against Hitlerism. The *Shun Pao* urged full cooperation between the three countries to defeat the "common enemy, Nazi Germany."

The New York *Herald-Tribune*, according to a *Domei* dispatch on June 30, learned from reliable sources in Washington that a number of influential American defense strategists were urging the Administration to conclude an agreement with the U.S.S.R. to enable American air force planes to use Siberian bases and thus lessen the danger of any attack on Alaska.

A proposal for a joint attack on Japan by China, America, Britain, U.S.S.R., the Netherlands and Australia was advocated by the *Central Daily News*, official Chungking organ, on June 28. This, the paper said, would be the most effective way of helping the U.S.S.R., for Japan would be crushed before she would have time to attack Soviet Siberia. The Chungking Communist organ, the *New China Daily News*, said that the Nazi-Soviet war had postponed Japan's southward expansion drive, but reactionary elements of the Japanese military were feverishly agitating for an attack on Siberia and occupation of Vladivostok.

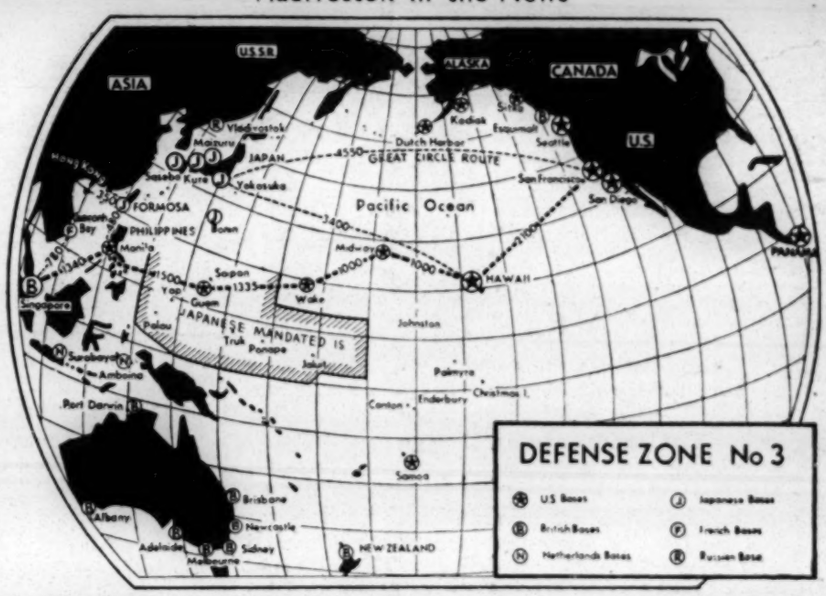
The view that Japan is preparing an attack on Siberia was shared by nearly all the leading Chinese newspapers. The local *Cheng Yien Pao* said that such an attack was certain if the German invasion of European Russia should prove successful. The *Shen Chow Jih Pao* voiced the same idea and urged the United States to send a portion of its Pacific Fleet to patrol the Vladivostok region in order to discourage the Japanese from suddenly attacking the Soviet base. The *Shun Pao* declared that "as soon as there is reasonable ground for believing that the German invasion of Russia will succeed, Japan will immediately stab Russia in the back in order to share the spoils of war."

Japan has harbored territorial ambitions against Siberia since the last World War. She was one of the powers which intervened in Siberia after the Bolshevik revolution. General William S. Graves, who commanded the American forces of intervention, told of Japanese plans at that time in his book, "America's Siberian Adventure." The Japanese troops gave every support to the counter-revolutionary Cossack general, Ataman Semeonoff, and every other rapscallion White who might have been useful for their purposes. With what aim? General Graves wrote: "All of those not in the inner circle as to the intention of the Japanese, of which I was one, expected Japan to have Semeonoff declare himself dictator of Siberia, east of Lake Baikal, in order to be in a position to control Eastern Siberia . . . ."

After all the other Allied troops had withdrawn from Siberia, the Japanese remained, and it was not until after the Washington Conference of 1921, when the American representatives insisted that the troops of Dai Nippon get out of Siberia, that the Japanese troops withdrew.

The firm American stand at that time indicates the importance which Washington attaches to keeping Eastern Siberia free from occupation by the troops of a hostile power. The American attitude has not changed. If anything, it has been strengthened by Japan's seizure of Manchuria, her war on China, and her manifest grabbing tactics farther south.

Vladivostok in the News



This sketch map, showing the strategic location of the Soviet port of Vladivostok in relation to the Pacific, is taken from the Foreign Policy Association's booklet, "America Rearms," by William T. Stone. Defense Zones 1 and 2 are in the Atlantic.

President Roosevelt's "Four Freedoms" and the Shanghai Municipal Council

PRESIDENT Franklin D. Roosevelt recently declared that a major objective of the American people and mankind generally in connection with the present world crisis and the future, was concerned with the realization of "Four Freedoms:"

1—Freedom of Speech and Expression.
2—Freedom of Every Person to Worship God in His Own Way.
3—Freedom from Want.
4—Freedom from Fear.

The President declared—and Great Britain concurred in the declaration—that these four "freedoms" constituted chief objectives of the democracies in their struggles against totalitarianism and armed aggression as practiced by the Axis powers. In a sense, President Roosevelt's "four freedoms," were a condensation of the late Woodrow Wilson's "Fourteen Points of Peace" speech delivered in Congress on Jan. 8, 1918, in the first World War. President Roosevelt's Four Freedoms are concerned with the welfare of mankind everywhere.

There was significance in the fact that President Roosevelt placed at the top of the list, "Freedom of Speech and Expression." All have their significance in Shanghai, long regarded as an outpost of western civilization and culture in Asia, but of the four principles, the first has special significance here because Shanghai is (or was) the only place in all Asia, outside the Philippines, where independent newspapers may be published.

That there is general recognition of the fact that Shanghai is an "oasis" of western culture and expression is demonstrated by the fact that the Japanese and their Chinese hirelings, as well as the German Nazis and even the Italian Fascists, publish newspapers and magazines here, which they would not be able to publish in their home countries The best (or worst) example of the freedom of expression which prevails here is the operation of a Nazi radio station, which daily ridicules and blackguards the British and American political leaders and institutions. The Nazi commentator recently abused the President of the United States and members of his cabinet, using language never previously heard over any radio station. So far as we know there was no protest by any member of the Shanghai Municipal Council or Municipal Police despite the fact the Nazi station is located on a municipal road in the center of the residence district.

But we are chiefly concerned with the local press, including Chinese and Japanese language newspapers as well as those published in English. As indicated in a discussion of this subject in a recent issue of *The China Weekly Review*, the Japanese, or Chinese connected with the Nanking Government, publish numerous papers here which are circulated within the International Settlement. All of these papers, without exception, are anti-American and anti-British, the worst of the lot being those published in Japanese, which almost daily print

S.M.C. "Special Branch" Ignored this Insulting Japanese Cartoon

The Japanese Army organ, Tairiku Shimpo, published in Hongkew and circulated in the International Settlement, printed the above illustrated cartoon in a half-page space on May 3. The cartoon constituted probably the most vicious attack on Great Britain ever printed here. It purported to be a history of the International Settlement, but was mainly concerned with Britain's connection with the opium traffic and the connection of opium with the early history of the Settlement. Reading from right to left the text tells of the activities of the British East India Company in introducing opium into China; how British merchants became rich in the opium trade; how the British allegedly organized "clubs" to encourage the sale and use of the drug; how corrupt officials of the Ching Dynasty encouraged the sale despite anti-opium edicts from the Throne. Then followed the Opium War resulting from the destruction of 20,000 cases of raw opium, and the peace treaty whereby China was forced to open five ports and establish the International Settlement. The larger picture at the bottom shows China "nailed to the cross of exterritoriality," with three figures representing the United States, Britain and France, sucking blood from helpless China. The picture in the lower left corner shows Shanghai today, with its frivolity, gunmen, bombings, etc., for which Britain is held responsible. The text attributes the present unemployment, misery and crime to the activities of Britain. The Shanghai Municipal Police are depicted as a foolish figure looking away with a large cigar in his mouth.

One would have thought that Mr. G. G. Phillips, Secretary and Commissioner General, or Major K. M. Bourne, Commissioner of Police, or the Special Branch would have done something about the circulation of the paper carrying this insulting editorial and cartoon in the International Settlement, but there is no record of anything having been done about it.

JAPANESE AND WANG ORGANS RIDICULE ROOSEVELT IN PAPERS DISTRIBUTED IN SETTLEMENT

Driver and Driven?

Appearing in the local Japanese Army organ, the Tairiku Shimpo, this cartoon depicts Roosevelt, with Churchill, riding the democratic chariot and forcing the British and American publics to pull.

Roosevelt Robs China

Japanese Army organ, Tairiku Shimpo shows Roosevelt seizing China's resources in exchange for small loans to Chungking. Churchill looks on.

"Blind to the New Order"

Japanese cartoonist, Eturo Kato, depicts Foreign Minister Matsouka telling Uncle Sam to take off his glasses so that he can see the glories of Japan's "New Order" in Asia. The cartoon appeared in the Times and Advertiser, Tokyo.

"Much Smoke, Little Fire"

Wang Ching-wei's paper, Central China Daily News, depicts President Roosevelt frantically fanning the fires of war, but getting little response. The unburned wood is labeled "American people," while the smoke is labeled "World War."

Roosevelt's Headache?

Central China Daily News, organ of Japanese-protected Government at Nanking, depicts Roosevelt suffering from headache caused by Hitler's mighty blows on the British Battleship Hood. The puppet organ published no cartoon on the sinking of the Bismarck.

S. M. C. POLICE DIDN'T SEE THIS

Municipal police of the International Settlement, acting through the so-called "Special Branch," constantly censor and interfere with American-owned and American-registered Chinese newspapers, but pay no attention to anti-Amerian cartoons and editorials which constantly appear in the Japanese Army organ, Tairiku Shimpo, and the local Wang Ching-wei organ, Central China Daily News, and other publications under Japanese and Nanking control. The cartoons on this page are some of the milder anti-Roosevelt cartoons which have appeared recently in the Japanese and puppet press. The Japanese papers constantly ridicule President Roosevelt, but quickly resent any reference to the Japanese Ruling House which they regard as disrespectful.

cartoons ridiculing President Roosevelt, while their editorials contain anti-American insinuations and innuendoes designed to undermine and destroy America's good name and prestige among the Chinese people.

This situation has prevailed here for many months, but the Municipal authorities have done nothing to curb these sheets, despite the fact that Americans and Britons exercise a dominating influence in the affairs of the city.

But there is an even more deplorable side to the story, which is concerned with the Municipal Council's censorship and persecution of the independent Chinese newspapers which are published in the International Settlement. Practically all of these newspapers have been registered under American corporate regulations because their editors and publishers thought that America's traditional regard for freedom of the press would provide protection against Japanese censorship and interference. The collapse of the previous Chinese administration made it impossible for the papers to continue under native registration. Aside from their desire to continue their publications and serve the large Chinese population here, there was the additional incentive of trying to protect investments in newspaper properties and publishing plants which amounted to many millions of dollars.

Several months ago the Municpial authorities formed a so-called "Special Branch" within the Police Department for the specific purpose of dealing with Japanese complaints. When the Japanese claimed that a Chinese resident of the Settlement was concerned in activities detrimental to Japanese interests, political or otherwise, it was the duty of the Special Branch to investigate the case. The idea was an excellent one because it enabled the authorities to make independent investigations and prevented the Japanese from acting independently. But the activities of the Special Branch in connection with the local press has not worked out so successfully; on the contrary the Special Branch has degenerated into a self-styled censorship board which in practice has become as arbitrary and dictatorial as anything which Hitler, Stalin or the Japanese gendarmerie have devised for the suppression of independent thought and expression.

As the situation has worked out in practice the Special Branch has become the willing tool of the Japanese Army and Navy and as such has terrorized every independent editor and publisher in the city. When any Chinese editor prints an article or news item to which the Japanese object the Special Branch inmediately suspends the newspaper without giving the editor and publisher a chance to defend himself in a public hearing. As a result the newspaper suffers a heavy loss, for which there is no chance of reimbursement. In one case, the American editor of a Chinese paper stated that he frequently was called out of bed late at night by a member of the Special Branch, who insisted on the elimination of some inconsequential item from the paper before he would permit the edition to go to press, or if the paper already had gone to press, he had held up the edition for several hours. In one recent case a member of the Special Branch had objected to the printing of news dispatches from Tokyo stating that the Premier, Foreign Minister, or War Minister had visited the Emperor on official business. Numerous items of this character appear daily in the reports of *Domei* and other news agencies having representatives in the Japanese capital.

Numerous instances equally nonsensical and ridiculus could be cited to show that the Special Branch of the Municipal Police, composed of Britons, has become the seemingly willing agent of the Japanese militarists in censoring, suppressing and persecuting the editors of Chinese newspapers in Shanghai, center of western culture and once a place where independent newspapers could be published. And while the Chinese newspapers have been the victims of this situation in the past, there are indications that the foreign press, that is, the American newspapers, are to be the next victims. Of the two British newspapers in Shanghai one is controlled by the Japanese and the other, apparently, has made its peace with the Japanese military authorities. However, their troubles will come later, if the Japanese succeed in their campaign against the Americans.

The situation therefore narrows down to this: While the Special Branch constantly interferes with and threatens Chinese editors, who publish independent papers, there has never been a case where action was taken against a Japanese editor, or the editor of a Japanese-controlled Chinese paper which daily prints and circulates within the International Settlement the most vicious anti-American and anti-British propaganda. A further singular element in the situation is that while all of the independent newspapers in Shanghai are published by Americans, there is not a single American in the Special Branch, which is concerned with the censorship of the American press. A further element which should be explained is that while the Special Branch is now concerned almost entirely with the censorship of newspapers, there is no practical newspaperman connected with it.

If Shanghai must have censorship, it should be conducted fairly and impartially and applied to all newspapers and not to the American-registered or American-owned papers exclusively as is now the practice. Secondly, the censorship should be conducted intelligently by persons who are familiar with newspaper practice, who would not, for example make the inexcusable blunder of thinking that *Asia Magazine* (New York) was published in Shanghai, because it contained the word "Asia" in the title.

Finally, we would suggest that the American Consul-General immediately supply Mr. G. G. Phillips, Secretary and Commissioner-General, and Major K. M. Bourne, Commissioner of Police, and also the members of the Special Branch, with copies of President Roosevelt's address on the Four Freedoms. Obviously, it is a ridiculous situation that a municipal administration dominated by Americans and Britons, should permit a situation to develop here which is the antithesis of the principles for which the democratic nations are fighting. Surely, the administrators of the International Settlement, being men of intelligence, must realize that this weak-kneed policy of appeasement can lead nowhere except to disaster.

Huge Toll of Industrial Accidents Revealed in Japan

The ravages of war on the home front in Japan were strikingly illustrated this week in a report by *Domei* from Tokyo which revealed a total of 3,940,000 industrial accidents for last year. This figure is all the more striking when viewed in conjunction with additional information, from the same source, showing that this huge accident toll occurred among the 2,200,000 employees of 8,000 factories. In other words, there were almost 500 accidents per factory and nearly two accidents for every worker employed.

Explaining the heavy accident rate, *Domei* said it was attributed in the main to the fact that industry is staffed with inexperienced workers taken on since the outbreak of the "China Incident," while accidents among experienced workers were due to their "intemperate" living. The heavy industries accounted for a preponderance of the accidents, fatal and otherwise.

In the hope of reducing the number of industrial accidents, the Japanese agency declared, the Welfare Ministry plans to sponsor a National Safety Drive lasting one week. Some 2,000 government and industrial representatives were to visit the Meiji Shrine on July 1 to offer prayers for the success of the drive. Among factors responsible for the great number of accidents in industry, *Domei* failed to mention the long working hours, the speed-up system, the undernourishment of workers.

THE BALANCE OF FOUR YEARS OF WAR IN THE FAR EAST

BY JOHN AHLERS

On Sunday, July 7, the Sino-Japanese war starts upon its fifth year, and its termination is not yet in sight. This war has already lasted more than twice as long as the European war, involved as large a section of mankind, resulted in a larger loss of human lives, and adversely affected China's economy and finance to a comparatively far greater extent than most European countries suffered from the war in the West. On this fourth anniversary, the China boom conditions of the half-year immediately preceding the war outbreak seem fantastic to the point of unreality when considered in the light of the present situation. Yet China business at that time actually experienced an all-round boom of such unprecedented scope and vigor that it made China appear the one great country of still truly unlimited economic possibilities. That boom was abruptly terminated by the Japanese military conspiracy which provoked the greatest war which the Far East has seen in modern times.

Under the strain of the war, it is true, China's economy and finance have given an excellent performance in cohesion, tenacity, and resourcefulness. This performance is all the more remarkable since throughout the war it has been, and today remains, one of the enemy's prime objectives to overthrow and destroy the economic and financial status quo in China. The Japanese have aimed deliberately at the annihilation of China's industries, banking and currency, as well as of those branches of Chinese agriculture which compete with corresponding Japanese interests. The Japanese also deliberately endeavored to destroy or to oust all non-Japanese foreign interests in China which offered cooperation with China's national government. Yet we still see in China a strong native bourgeoisie in control of substantial economic assets, the Chinese private and governmental banking system unbroken, and China's national currency in a definitely preferred position, compared not only with Japanese-sponsored puppet currencies, but even with the Japanese yen itself. China's economic and financial war record is such as to definitely convince the Anglo-Saxon world that mediaeval China has gone forever, and that China's economic and financial structure will allow this country, if free, to occupy a front seat among modern nations.

Large parts of China, against terrific odds, have even managed to achieve such substantial economic and financial progress that this progress may be recorded in future history as an outstanding achievement which will outlast the war and definitely alter the whole country's position to its great advantage. Most of what today is Free China was four years ago undeveloped back-country largely inaccessible to modern business. Yet the Chinese Government, here and there supported by progressive provincial authorities, mobilized unsuspected reserves and resources in order to open up that back-country by means of large-scale new communications, through the transfer or establishment of numerous modern industries, through the circulation of national currency in all the western and southern provinces, and through the application of national economic and financial policies over a huge area previously divided into a series of autonomous provinces paying entirely nominal allegiance to the national government.

This progress may and probably will in time outweigh the damage done by war. For the present time, the damage suffered still far out-distances the progress achieved. The parts of China occupied by the Japanese were formerly the economically best developed sections of the country. Today they are the most stricken of all. Millions of farmers have been driven from their homesteads. Many millions of others have stopped growing and raising anything beyond their own immediate requirements. Most are deprived of part or all of their former agricultural implements, livestock and household possessions and could not produce more than they do even if they wanted to. In the occupied areas, the yield of agriculture on the whole and in the average has decreased very substantially in every line of production. Numerous industrial enterprises have been destroyed, and nowhere has industrial reconstruction restored anything like the pre-war status. Many lines of communications have been rebuilt, but inadequately and with a view to Japanese military requirements only, while many remain permanently disrupted. Good Chinese national currency in enemy-occupied territory has been replaced to a large extent by puppet paper money issues without any backing.

In many districts of the Japanese-penetrated hinterland, economic conditions are worse than they have been at any time since the Taiping Rebellion. These adverse conditions are clearly reflected in Shanghai's unique business situation. Shanghai foreign trade is doing comparatively well. It accounts for two-thirds of the foreign trade of all China, and in volume compares not too badly with pre-war times. Yet the very structure of this trade shows what has happened to the hinterland. No less than 70 per cent of Shanghai imports consists of foodstuffs, raw cotton and fuel which Shanghai formerly did not import from abroad but derived from the well-developed hinterland. The very basis of Shanghai's remarkable industrial development was the abundance of rice, wheat, cotton and coal produced in China. This basis has disappeared. Today the Japanese-occupied hinterland imports large quantities of foodstuffs, cotton and, in some recent instances, even coal. The importation of capital goods, on the other hand, has almost ceased, whereas in pre-war times this was the most promising line of modern import business in China.

Four years of Japanese military occupation and administration of China's previously wealthiest provinces have exposed as completely unfounded Japan's claim that her domination of China would result in unprecedented economic development. Clearly this claim never was seriously meant. Japanese "development" of occupied China has turned out to be just another Japanese racket. The development companies and their dozens of subsidiary companies do nothing but exploit seized Chinese property, and at that very inefficiently. The Japanese cannot even make this property, for which they paid nothing, yield the returns formerly realized by the Chinese in addition to the regular remuneration and amortization of the capital invested. Actual production of industrial property in the hands of such Japanese companies has been increased only in the instance of a few coal mines whose output is diverted chiefly to Japan.

The pitiful deterioration of conditions in the occupied areas, and on the other hand the progress achieved in Free China, are the outstanding contrasts of the present economic situation in China. These contrasts leave no doubt that the economic future of of China is with the cause of the Chinese national government at Chungking.

Japan on the whole has not benefited from the China war. A few thousand minor Japanese companies in occupied China do profitable business, mostly of the racketeering type. Some hundred thousand Japanese civilians, and many thousands of Japanese army officers manage to live on the occupied areas on a level substantially higher than their former living standards in Japan. But these advantages of a few compare unfavorably with the disadvantages of the many in Japan, who continue to bear the cost of the incessant Japanese

warfare in China which raised to record high level Japanese state expenditure and indebtedness, and depressed far below pre-war status the standard of living of the Japanese masses. Japan today by sheer force manages to secure from China less supplies than China prior to the war peacefully yielded to Japan. And Japan sells in this country less than China voluntarily bought from her in pre-war times.

That war is not a paying proposition has been demonstrated once more by the Japanese invasion of China. Economically and financially, both countries are losers in this war. None will ever be in a position to repay the other for its losses. But the only solution to the present stalemate is a Chinese military victory, since apparently the Japanese cannot be prevailed upon to evacuate. And unless they get out, China cannot recover from the wounds inflicted upon her by four years of ruthless Japanese invasion.

Japanese Army And The China Weekly Review

The *China Weekly Review* on June 21 printed a condensation of a series of articles which previously had appeared in various American magazines and newspapers concerning the activities of two Japanese fascists, Col. Kingoro Hashimoto of the Japanese Army, and Toshio Shiratori, listed as a commentator and adviser to the Foreign Office. According to two articles in *Time* (Dec. 2, 1940 and April 21, 1941) Col. Hashimoto allegedly issued the orders which resulted in the bombing and sinking of the USS Panay and the shelling of the British gunboats Ladybird, Scarab and Bee. The other magazine article, also referring to Col. Hashimoto, appeared in *Asia* magazine. Another series of articles, which referred to both Col. Hashimoto and Mr. Shiratori, appeared in the *New York Herald-Tribune* and was written by Mr. Wilfred Fleisher, former editor of the *Japan Advertiser*, American paper in Tokyo, which was sold to Japanese interests some time ago.

One of the articles quoted in *The Review* contained a reference to the Emperor of Japan, which Japanese military circles in Shanghai regarded as disrespectful to the Japanese ruling family. The reference to the Japanese imperial family appeared in *Asia* magazine and was reprinted in *The China Weekly Review* purely as information and was not intended by any possible stretch of the imagination to be disrespectful to the Japanese Emperor or his family.

Lieut.-Col. Kunio Akiyama, local Japanese Army spokesman, in an interview in *Domei* local news and translation service on June 30, alleged that all issues of *The Review* for June 21 had been confiscated. This statement was incorrect. The local police authorities only seized some 30 copies as most of the issue had been sold out. The police action was immediately discontinued following a protest on the part of the management of *The Review*. The Millard Publishing Company, which issues *The China Weekly Review*, has been registered with the American Consulate-General for more than 20 years.

The article in *Domei* which quoted Lieut.-Col. Kunio Akiyama, did not state whether the Japanese authorities had raised objections when the original articles appeared in the United States; however, it is possible that the Japanese Army officer was not familiar with *Time*, *Asia*, and the *New York Herald-Tribune* and thought the article in *The Review* was an original one, although it carried a credit line indicating the source of most of the information, which was *Time*.

British Cession of Burma Territory Due to New Railway

The circumstances under which negotiations were resumed for a delimitation of the Sino-Burmese frontier, leading up to the agreement of June 18 whereby Britain ceded to China some 2,000 square kilometers of Burma territory, were disclosed in a Central News Agency report issued in Chungking and received in Shanghai by mail this week.

Great Britain annexed upper Burma in 1885. By Article 3 of a Convention relating to Burma and Tibet entered into between Great Britain and China the following year, it was agreed that the frontier between Burma and China should be marked by a mixed Delimitation Commission. Various difficulties prevented a definitive marking of the border and after 1900 the matter remained in abeyance for over 30 years. In 1934 it became a live issue owing to a difference of opinion regarding the right to investigate certain mineral deposits believed to exist in an area over which sovereignty was in dispute.

Negotiations were started between the British and Chinese governments, and were carried on into 1937, when the outbreak of Sino-Japanese hostilities interrupted the talks. When, however, the Chinese Government decided to press on with the construction of the Burma-Yunnan Railway, the question of the frontier arose once more, for the easiest alignment of the projected railroad would take the rail across the territory which was in dispute. The agreement of June 18 cedes much of the disputed territory to China, and gives Chinese the right to invest, up to 49 percent of the capital, in any mining enterprises undertaken by British interests in the remainder.

Significant is the fact that the Burma-Yunnan Railway will now run through much more Chinese territory than would be the case if the territory in question had not been ceded by the British. The railway is urgently needed to supplement the Burma highway for the haulage of American supplies to Chungking. If the Japanese bomb the line after it has been built, the bombing will take place in Chinese—not British—territory. Perhaps this is why Britain, for the first time in history, gave away a part of her Empire.

Nichi-Nichi Raps Claggett's Recent Visit to Chungking

Under the caption "Stop America's Hostile Actions," the Tokyo *Nichi-Nichi* on July 1 bluntly asserted that Brigadier-General Henry Claggett's recent visit to Chungking was the latest evidence of United States hostility toward Japan, and urged Japan to act "quickly and effectively" to prevent the United States from using Chungking as a first line of defense against Japan.

The *Nichi-Nichi* declared that Brigadier-General Claggett's trip had a two-fold purpose, first, to rebuild Chungking's air force, and secondly, to establish a United States-Chungking air alliance aimed directly at Japan.

While dismissing possible efforts by the United States to reconstruct Chungking's air force as "doubtful," in view of the present supremacy of the Japanese air forces, and also in view of the more important and urgent British requirements, the *Nichi-Nichi* nevertheless said that Japan should adopt a vigorous policy toward all United States attempts to aid Chungking.

The daily declared that the reason for United States avoidance of a deterioration of Japanese-American relations was nothing more than a desire on the part of America to make aid to Britain as effective as possible. "As long as the United States maintains such an attitude, it is impossible to effect genuine peace between Japan and America," the *Nichi-Nichi* declared.

Asserting that the United States, in aiding Chungking, had merely prolonged and increased the miseries of the Chinese people, the *Nichi-Nichi* concluded, "America should re-examine the Far Eastern situation from a broad viewpoint to establish lasting peace in the Pacific and to form logical and realistic decisions."

PICTURES AND CARTOONS FROM A WORLD IN CONFLICT

Why F. D. R. Ordered 1,000 Ships

Scripps-Howard newspapers

As One Scotsman Sees It

Glasgow Bulletin

"We've come to run your little place!"

His Question Answered

The above cartoon appeared originally in the London Evening Standard and was entitled, "Where Next, Mein Fuehrer?"

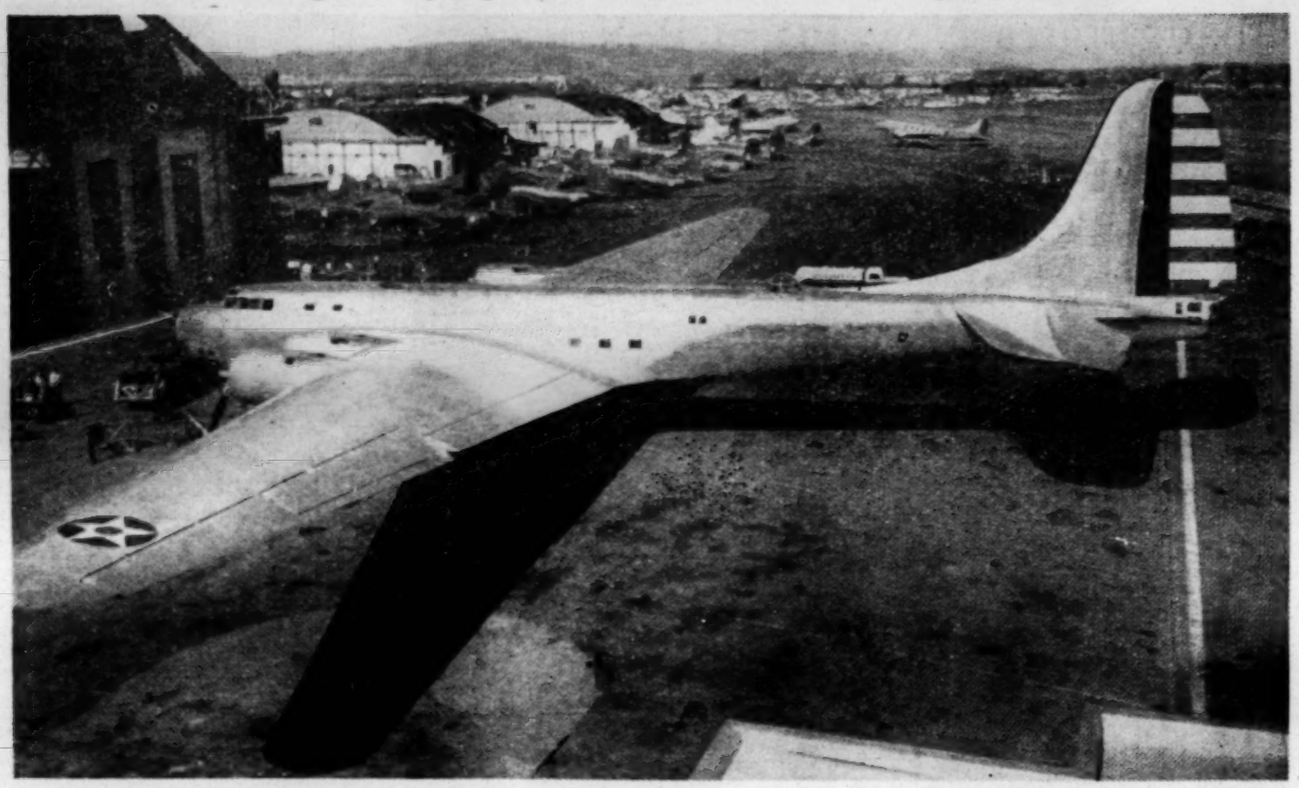
Mask and the Face

Daily Mirror, London

"Doubtful Protection"

This cartoon by Eturo Kato appeared in the Japan Times & Advertiser. Apparently it is intended to show Japanese contempt for American aid to China.

The Douglas Flying Battleship, World's Largest Bomber

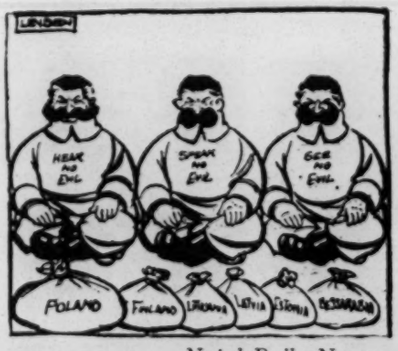


This, the largest airplane ever built, is now being tested at the Douglas Aircraft Company's plant in Santa Monica, California. From the time construction was started more than three years ago, until the plane was rolled out of its hangar, details of the air monster were kept secret. Known as the B-19, the ship is much larger and far more graceful in design than the famous Soviet plane "Maxim Gorky," which carried 50 passengers and was wrecked in a collision over Moscow four years ago. The B-19 has a wing-span of 212 feet, equal to the height of a 20-storey building. When the plane is in take-off position, the rudder has a height of 42 feet above ground. Loaded, she weighs 80 tons, which is twice the weight of the Boeing Clippers that cross the Pacific. Her tanks will hold 11,000 gallons of gasoline, giving her a flying range of 7,750 miles. She could thus fly from New York across the Atlantic to Dusseldorf, Germany, and back, or from San Francisco to Yokohama, Shanghai and Manila without stopping. Or she could remain aloft on patrol for 48 hours continuously. Her cruising speed is around 200 miles an hour. She carries the largest assortment of guns ever mounted in a plane. Her bomb load is 18 tons, three times that of the Flying Fortresses built by Boeing, and her battle crew will number 18 men. If after tests have been made it is decided to build more of these mammoth planes, they can be turned out at the rate of one every 15 months, officials estimate. A late report states that the B-19 has passed preliminary tests with "flying colors."

Geography that Baffles

"Every time Roosevelt opens his mouth the Atlantic seems smaller."
"And every time Churchill opens his, the Channel looks larger."

The Three Buddhas



Natal Daily News.

Stalin has been completely silent since the Nazi-Soviet war began.

Financial Conference in Chungking Inaugurates New Fiscal Policy

A new epoch in the fiscal policy of the Chinese National Government began when the Third National Financial Conference was convened on June 16 in Chungking. The conference lasted eight days.

American Member

Mr. A. Manuel Fox

Mr. A. Manuel Fox, American member of the Chinese Currency Stabilization Committee, has been connected with the U.S. Treasury and the Tariff Commission since 1923. He graduated from Cornell University in 1911

Addressing the opening session of the conference, Generalissimo Chiang Kai-shek pointed out that the purpose of the conference was twofold: to balance the national expenditure and revenue and to equalize the taxation burdens of the people according to their ability to pay.

Mr. A. Manuel Fox, American member of the Chinese Currency Stabilization Committee, also gave an address at the conference. He said that the pressing need of China was "to modernize the financial and economic structure in order that it may prove equal to the constantly increasing fiscal demands and in the financial field to perform as effectively and successfully as you have, with limited facilities and equipment, in the military field."

Referring to the work of the Committee, Mr. Fox indicated that it would make a wide survey of China's economic, industrial, and financial problems as the basis of its work. The Committee would aid China's external trade, discourage speculation and maintain the prestige of China's currerncy through stabilization of currency relationships.

"We hope our work will have favorable repercussions both from the point of view of the Government's fiscal situation and from the point of view of exercising a restraining influence on prices and other inter-related economic factors," Mr. Fox declared.

He added that "the United States is at one with China and Britain," stressed the value of national unity and the need for government to rest upon the full support of the people. "Without national unity China cannot survive," he declared. "Having national unity China is unconquerable. The experience of the last four years is decisive in this respect."

Commenting editorially on the national financial conference, the **Chinese-American Daily News** in Shanghai declared that it was necessary that the land taxes, hitherto collected by the respective provincial governments, should now, under the stress of national emergency, be collected directly by the Chinese central government authorities.

Since the outbreak of the Sino-Japanese hostilities, the Chinese Government had lost much of its normal customs and salt revenue through Japanese military occupation of the ports, the journal pointed out. In deciding that land taxes be paid in kind the Chinese Government would be able to overcome the food supply problem and bring some measure of stability to commodity prices, which under present war conditions, the journal pointed out, have been affected more seriously by other uncontrollable and unforeseen factors than by the depreciation of the Chinese national dollar. Such a measure, the journal continued, would have the added advantage of reducing the note circulation, as it would tend to reduce the public demand for legal tender, and thus minimise the danger of currency inflation.

Moreover, the journal declared, by paying the land tax in kind, Chinese farmers would no longer find it necessary to convert their farm produce into cash by selling their produce at greatly reduced prices to merchants and middlemen by whom they have hitherto been exploited. In view of the fact that China is an agricultural country, it goes without saying that payment of land taxes in kind would be to the benefit of the Chinese people, the journal concluded.

American Alternate

Mr. William H. Taylor

Mr. William H. Taylor is alternate to Mr. A. Manuel Fox, American member of the Chinese Currency Stabilization Committee. In Washington he was chief economist with the U. S. Treasury's Division of Monetary Research. He graduated from the University of California (1935) where he received a Ph.D. degree. He taught for a while at the University of Hawaii, made a tour of Europe and then joined the Treasury. Mr. Walter Frese, an assistant chief accountant of the Treasury's Bureau of Accounts, is assisting Messrs Fox and Taylor. He is a graduate of the Universities of Iowa and Illinois and taught economics at Illinois for several years prior to entering the Treasury service.

Mr. Fox and Mr. Taylor, American alternate member of the Currency Stabilization Committee, arrived in Shanghai recently for the purpose of making an investigation of the monetary conditions here and in the occupied areas.

According to the **Sin Shing News Agency** Mr. Fox has been interviewing the managers of the Central Bank of China, the Bank of China and the Bank of Communications, as well as the managers of the Hongkong & Shanghai Banking Corporation and of other foreign banks in Shanghai with a view to acquainting himself with the financial situation here.

Mr. Fox declined to make any public statement but reiterated the purpose of the Currency Stabilization Committee to support the Chinese national dollar for the benefit of legitimate business.

Paderewski Dies Of Pneumonia at 80

Ignace Paderewski, famous Polish pianist and composer, died in New York City of pneumonia on June 29 after an illness that lasted four days. He was 80 years old. The illness followed a public appearance in New Jersey last week. Paderewski was born on Nov. 6, 1860 in a small village of the province of Podolia, in Russian Poland and showed his musical genius at an early age. He began learning to play the piano when only three. At 12 he entered the Warsaw Conservatory of Music, and became a professor there six years later.

Interested in freeing Poland from the Tzarist yoke, the famous musician and composer organized a corps of Polish volunteers in the United States in 1917 and at the end of that year became the official Polish representative in Washington. He represented Poland at the Versailles peace conference and when the Polish national state was formed he became its first premier. Later he became President. For many years he had withdrawn from politics, but when the refugee Polish government was formed in London in 1939 he consented to become President again.

New Regulations for Immigrants to U.S.A.

New procedure for persons intending to emigrate to the United States was announced on Monday of this week by the American Consulate-General in Shanghai in line with recent decisions reached in Washington. The new procedure became effective on July 1. Henceforth, with few exceptions, applicants for immigration visas to enter the United States, are required to send certain preliminary information direct to the State Department in Washington for examination. Forms for this purpose must be obtained directly from the State Department and returned to the Department when completed. In cases where the State Department passes favorably on the information submitted, the intending immigrant may submit and complete his application for a visa at the office of the Consulate-General.

German Episcopate Backs Nazi Invasion of Russia

The German Episcopal Church has given its blessing to the Nazi invasion of Soviet Russia, pointing out to its clergymen that the new fight against Bolshevism is a fight for Christianity, **Transocean** reported from Berlin on June 25. The clergy were asked in their sermons last Sunday to remind their congregations of the "untold persecution" which Christendom had suffered at the hands of the Bolsheviks.

Dr. Quo Sworn in as China's New Foreign Minister at Chungking

The new Chinese Foreign Minister, Dr. Quo Tai-chi, was sworn into office during an impressive service performed in the auditorium of the Chinese National Government at Chungking on June 30. He had only recently relinquished the post of Chinese Ambassador to London.

The occasion was also employed to swear in other newly-appointed officials, including Mr. Hsu Kan, Minister of Food; Mr. Pang Sung-chou, Administrative Vice-Minister of Food; Mr. O. K. Yui (former mayor of Greater Shanghai), Political Vice-Minister of Finance; and Mr. Y. C. Koo, Acting Administrative Vice-Minister of Finance.

Mr. Lin Sen, chairman of the National Government, presided over the ceremony. Several hundred high government officials, including Generalissimo Chiang Kai-shek, were present. The

New Foreign Minister

Dr. Quo Tai-chi

oath of office was administered by Mr. Wu Chih-hui, veteran Kuomintang member, who urged the newly-appointed officials to exert their utmost in the performance of their important duties.

Foreign Minister Quo followed with a speech, in which he paid a warm tribute to the diplomatic achievements of his predecessor, Dr. Wang Chung-hui, who now serves in the capacity of secretary-general to the Supreme National Defense Council.

No Policy Change

"My assumption of the office of Foreign Minister will not result in any change of the foreign policy of China, whose firm decision relentlessly and vigorously to pursue a policy of resistance until victory is won remains unchanged," Foreign Minister Quo declared. He said he would adhere strictly to the national policy enunciated by the late Party Leader, Dr. Sun Yat-sen, aiming to secure China's national freedom and equality in the family of nations. As Foreign Minister, Dr. Quo added, he would faithfully observe the wartime diplomatic policy laid down by Generalissimo Chiang, and that policy could not be altered or influenced by any changes in the international situation.

Referring to the exchange of notes between himself and Mr. Cordell Hull, American Secretary of State, during his sojourn in the United States, and which provides for the relinquishment of American extrality rights in China after the restoration of genuine peace and order in the Far East, Minister Quo said that this was another token of the increasing understanding of China's national aspirations and aims by the friendly powers.

Tribute to Chiang

Although the various "unequal treaties" had not yet been abolished, a firm foundation had already been laid to enable China to attain equality in the family of nations, Mr. Quo went on to declare. These diplomatic achievements, he said, had been realized through the able leadership of Generalissimo Chiang, the gallantry and loyalty of the Chinese officers and men at the front, and the hardships and sacrifices of the Chinese people at the rear.

Questioned as to the duties and power of Mr. Owen Lattimore, President Roosevelt's personal representative to Chungking, Mr. Quo said that he had not had time to study the telegrams exchanged on the subject, but that the appointment indicates close cooperation between China and America.

Referring to the exchange of Ministers between China and Australia, Mr. Quo said that although an agreement had been reached between himself and Mr. R. G. Menzies, the Australian Prime Minister, the Chinese Minister to Australia had not yet been appointed.

Tokyo Plans 'Final' Chungking Collapse

The Japanese government has adopted a fourpoint military, political and economic program designed to strengthen the Japanese-sponsored government in Nanking and bring about the "final collapse" of the Chungking Government, well informed quarters in Tokyo stated on July 2, according to *United Press*.

Outstanding feature of the new program is a plan to increase Nanking's native armed forces from their present level of 150,000 to 500,000 men.

If this force of a half million men, to be trained by Japanese officers in China, can be used to launch a full-dress civil war between Nanking and Chungking, a large number of Japanese troops presumably would be released from the China front for possible action elsewhere, military observers said.

The four-point program adopted by the Japanese government envisages these developments:

1. Increase in the Nanking army from 150,000 to 500,000 and enlargement of police and peace preservation forces.

2. Creation of a "model peace zone" in the area under the jurisdiction of the Japanese-sponsored Nanking regime.

3. Through loans to the Nanking government, aid in industrial and agricultural rehabilitation in the hope that improved economic conditions will attract high officials from Chungking, and result in the return of millions of refugees now living in unoccupied China.

4. Seek closer collaboration between Japan's Axis partners—Germany and Italy—and the Nanking government. The first objective, to obtain immediate recognition of the Nanking regime by Berlin and Rome, has now been realized.

The Japanese press reported that Mr. Wang Ching-wei, head of the Nanking regime, will concentrate his efforts in coming months on the restoration of "peace and order" in areas under his jurisdiction. Mr. Wang, during his recent visit to Tokyo, emphasized in public addresses that these areas still are over-run by "bandits" and "Chungking stragglers" and said the Nanking government must have more troops and police if peace and order are to be established.

The Nanking government, it is understood, has also asked that Japan provide the best available equipment for the new Chinese army. The Japanese press replied that Japan would "increase the supplies of munitions and equipment," but did not indicate whether Nanking's troops would continue to be confined to light arms.

Mr. Wang, in his Tokyo conference in June with Premier Prince Fumimaro Konoye, complained against the existing Japanese economic restrictions in Japanese-occupied territories on the grounds that they were hampering a return of economic normalcy.

The *Asahi Shimbun* said that Prince Konoye promised Mr. Wang that "various items of economic construction connected with the national policy companies will be concretely adjusted, rationalized and legalized on the basis of the fundamental principle of Sino-Japanese co-operation."

Mr. Wang was reported to have said that Chinese financiers were either being excluded from occupied China through the establishment of Japanese monopolies, or discouraged from investing in joint Sino-Japanese companies because of Japanese control of such companies.

Japanese officials have indicated, however, that full compliance with Mr. Wang's requests will not be possible for the duration of hostilities. Military necessity, they have pointed out, makes it imperative that the Japanese army continue to regulate and control trade in occupied China.

The new Japanese loan of Y.300,000,000, however, is intended to promote better economic conditions in occupied China and aid in launching the reconstruction program which Mr. Wang outlined for Premier Konoye. There were indications that other loans might follow if the Japanese government is satisfied with the results obtained from the first loan. The Japanese government at present is loaning to Manchukuo at the rate of about Y1,250,000,000 annually to make up the Manchukuo budget deficit.

Portrait of Hirohito Evacuated from Moscow

As a precautionary measure in view of the Nazi-Soviet war and the possibility that Moscow may be devastated by aerial bombings, the Japanese Ambasssador, Lieut.-Gen. Yoshitsugu Tatekawa, decided to have the "Imperial Portrait"—that of the Emperor Hirohito—removed from the Embassy to Tokyo **Domei** reported. The portrait was placed in charge of Mr. Akira Ohe, embassy secretary, who left Moscow on June 26 to escort Japanese evacuees to their homeland from the Soviet capital.

Axis Recognizes Nanking Regime; Chungking Recalls Representatives

In an apparent effort to counter the consternation caused in Japan by its attack on Soviet Russia, Nazi Germany this week formally recognized the Japanese-controlled government at Nanking headed by Wang Ching-wei. Italy and Spain acted similarly, likewise the Axis puppet governments of Rumania, Hungary, Slovakia, Croatia and Bulgaria.

CHINA SEVERS RELATIONS WITH AXIS POWERS

Diplomatic relations with Germany and Italy were formally severed by the Chungking government on July 2 as a result of Axis recognition of the puppet Wang Ching-wei government at Nanking. The diplomatic break followed an earlier Chungking decision to withdraw Chinese diplomatic missions from Berlin and Rome.

In a note handed to the German and Italian embassies in Chungking, Dr. Quo Tai-chi, China's foreign minister, declared that Axis recognition of the Nanking regime "amounts to an extension of their aggressive policy to the Far East and proves beyond doubt that these countries have without reserve cast in their lot with China's enemy, thereby committing gross injustie to China and forfeiting any claim to the friendship of the Chinese Government and people."

Members of the Axis embassies were handed their passports and promised safe conduct and protection as far as the border of Kwangsi Province and French Indo-China.

Reacting sharply and swiftly to the Axis move, the Chinese Foreign Office at Chungking issued instructions for the recall of the Chinese ambassador in Berlin and the Chinese Charge d'Affairs in Rome, as well as all members of the Chinese embassies in Rome and Berlin.

An Unfriendly Act

While declining to comment on the Axis move, Chinese officials declared that the Chungking Government's attitude toward such recognition had been fully expressed in the Foreign Office note which was addressed to all powers on the occasion of the inauguration of the Nanking government last year.

The note stated: "The Chinese Chinese Government is convinced that all self-respecting states will uphold law and justice in the conduct of international relations and never accord de jure or de facto recognition to Japan's puppet organization in China. Any manifestation of such recognition in whatever form or manner would be a violation of international law and treaties and would be considered as most unfriendly to the Chinese nation."

Chungking Chinese circles anticipated that Axis recognition of the Nanking regime is likely to result in China's breaking off diplomatic relations with Berlin and Rome and in spreading the European war to the Far East.

Favorable for China

These quarters also express the opinion that such a move on the part of the Axis Powers may, after all, be favorable to China as it would formally bring China into the same camp with the United States, Great Britain, and the Soviet Union and would also make it unnecessary for Chungking to maintain half-hearted relations, as hitherto existing, with Germany and Italy.

In a statement acknowledging the Axis recognition of the Nanking Government, Mr. Wang Ching-wei, president of the Nanking regime, who has just returned to Nanking from his state visit to Japan, declared that the Nanking Government's aim "to world peace has taken a first step toward fulfillment."

Mr. Wang said one of the most important items of Nanking's domestic and foreign policies is respect for the interests of all friendly nations. To this end the National Government "during the past year has made repeated efforts to carry out its enunciated aims. With Germany and Italy having recognized the National Government, relations between these two countries and China have returned to normal."

In a statement issued on July 1 following the Axis recognition of the Nanking Government, Dr. Nobufumi Ito, president of the Information Board of the Japanese Cabinet, said that such recognition is "a telling blow to those who do not yet realize the great ideal of the establishment of a new order in East Asia."

While no announcement has been made by either Berlin or Rome regarding the envoys likely to be accredited to Nanking, quarters close to the Nanking Foreign Ministry expected that Marquis Francesco Maria Tailiani de Marchio, Italian Ambassador now staying in Shanghai, will present his credentials to Wang Ching-wei in the near future. It was recalled that the Ambassador had never presented his credentials to Mr Lin Sen of the Chinese Government at Chungking.

The German ambassador, it was expected, will be either Dr. F. Altenburg, or Mr. M. Fischer, who recently returned here from Japan.

Post for Tang?

Appointment of Nanking's envoys to Berlin and Rome was the subject of deliberations during a meeting of the Executive Yuan of the Nanking Government. Well-informed sources declared that Mr. Tang Leang-li, ambassador - at - large and chairman of the International Publicity Board, will be accredited as first Nanking ambassador to Rome.

Simultaneously with the statement issued by the Information Board of the Japanese Cabinet concerning Axis recognition of Nanking, the Ministry of Publicity at Nanking made an official statement acknowledging the recognition.

Nanking was to celebrate the event on July 3, it was announced. Members of the "diplomatic corps," press representatives, and high Nanking and Japanese officials were to participate in the celebration.

Out in the Rain?

Japan Times & Advertiser.

This cartoon by Eturo Kato depicts Wang Ching-wei riding through a rain storm in the shelter of a comfortable car, the "New Order in East Asia," while Gen. Chiang Kai-shek, because of his anti-Japanese stand, must remain outside and get drenched. The tattered umbrella in the Generalissimo's hand bears the Soviet emblem.

Convicts in Frenchtown Stage Hunger Strike

Some 4,000 inmates of the jail of the Second Special District Court in the French Concession staged a brief hunger strike last week after failing to get any improvement in their rations after repeated protests. They also complained of overcrowding, which is said to be deplorable. The Frenchtown jail is under the control of the Nanking Government. The prisoners called off their fast when promise was made that their grievances would be looked into.

American University Club Elects New Officers

The American University Club elected the following officers at the annual meeting held at the American Club on Tuesday, June 29: president, Bruce Smith; vice-President, T. F. Wei; secretary, Horace Smith; treasurer, T. T. Zee. The executive committee will include Dr. Yen Teh-ching, former president of the club; T. K. Ho; R. R. Smith; Percy Kwok; George Greene; and Dr. R. J. McMullen. A. T. Steele, correspondent of the **Chicago Daily News**, delivered an address at the meeting on the Burma road.

U.S. Frees Soviet Assets, Will Not Apply Neutrality Act to New War

The United States Government on June 26 demonstrated its avowed intention of aiding all foes of Nazi Germany by lifting restrictions on Soviet assets in the United States. These were frozen to the sum of US$40,000,000 at the outbreak of the Soviet-Finnish war and were further tied up by President Roosevelt's asset-freezing note of June 14.

The State Department further demonstrated American support of the conflict, while supplies sent to Britain will really count. Furthermore, the paper asserted that the Soviet Government is notoriously incompetent, that there is no evidence showing that the Stalin regime is trustworthy and declared that aid to Russia will involve the American people in discussions of issues which are irrelevant to the important question of dealing Hitler a severe blow.

Planes for U. S. and Planes for Britain

Newsweek photo.

There's no favoritism in this Douglas aircraft factory at Los Angeles, because the entire output of the factory is divided equally between the U. S. Army and Great Britain. The planes on the left of the line, marked with a circle, are for Britain, while those on the right, marked with a star, are for the U. S. Army. The picture indicates the beginnings of mass production in the airplane industry. According to Col. John H. Jouett, president of the Aeronautical Chamber of Commerce of America, Inc., plans are now being studied for an expansion of the airplane industry's present assignment of 44,600 planes, including 16,500 for the U. S. Army, 8,500 for the U. S. Navy, 16,000 for the British Empire and 3,600 bombers, to a grand total of 80,000 planes. Col. Jouett, who previously was director of the Chinese Government Aviation School at Hangchow, stated in May that American airplane production had reached 1,200 planes in March, which was very near British and German deliveries. April production was 1,427 planes.

the USSR when it waived application of the Neutrality Act to the Soviet-German conflict. This keeps the supply route from America to Vladivostok open to American ships carrying war materials. It will also enable the Philippine Islands to resume exportation of coconut oil and other war supplies to the Soviet North Pacific port.

American aid to Russia will probably be in token proportion, however, since public sentiment seems to favor granting Britain continued priority on war materials. The New York *Times* editorially voiced this view on June 26 when, according to *Domei* reports, it cited four reasons why the United States should redouble aid to England rather than pour materials into the U.S.S.R.

Distances Too Great

The newspaper declared that the trans-Siberia distances are too great for American supplies to reach the U.S.S.R. in time to affect the outcome

Meanwhile the sinking of a former Dutch ship carrying at least eight American marines and six Red Cross nurses, and the calling up of 900,000 fresh conscripts, was announced in Washington.

The Navy Department revealed on June 30 that eight United States marines and six American Red Cross nurses were rescued from a ship torpedoed while en route to London. No American lives were believed to have been lost in the sinking, however.

The call for 900,000 new conscripts was issued by President Roosevelt through an executive order on June 29. The draftees are scheduled to be mustered into the nation's expanding army during the year beginning July 1. They are supposed to replace conscripts whose year of service expires this autumn, although General George Marshall, Chief-of-Staff, has disclosed that at least some of the draftees now serving may be required to continue in the army for a longer period.

Full Authorization Invoked

The executive order, for the first time, invoked the full manpower authorization under the Selective Service Act. Only 800,000 men were called up and of these only 650,000 were actually enrolled in the armed forces during the past year.

Colonel Frank Knox, Secretary of the Navy, delivered a belligerent speech before a conference of state governors at Boston on June 30, declaring that "the time has come for us to use our navy to sweep the German threat from the Atlantic." The German-Soviet war, he said, afforded America a "God-given chance to determine the outcome of this world struggle. It is now that we should put into motion the enormous machine that we have been building since the war started. There is not a shadow of doubt that we can assure the defeat of this pagan force and assure the victory Christian civilization."

Japan and Hongkong Visited by Storms

Suffering from the opening deluge of the Chinese rainy season, cities located on the Japan-Peking-Hongkong triangle this week suffered heavy rainfall and strong winds which caused numerous deaths and large property losses.

Hardest hit by storms was Japan, where 117 persons were killed and 126 bridges were washed out. Greatest single tragedy occurred in Shizuoka Prefecture on June 30 when 24 persons were buried alive and four injured as a cliff behind the Nippon Light Metal Company's power plant, eroded by the rain, crashed down upon them. Rainfall reported from Kyushu, the center of the precipitation, exceeded 250 millimeters.

Hongkong suffered disruption of ferry and bus service on June 30 when the perimeter of a typhoon came within 30 miles of the Crown Colony. Gales rose to 98 miles an hour, a blow strong enough to drive the river steamer Taion on the rocks and cause the Chungon to drag anchor. Many houses were unroofed but no serious injuries were reported as the storm center swept northwestward up the China coast.

Shanghai was inundated for three days ending June 29 as more than seven inches of rain flooded the city. Bus service in the Western District and some parts of the French Concession was suspended for three days.

Both Peking and Tientsin suffered torrential rains over a three-day period ending June 29. Parts of Tientsin were flooded while newspapers in the former capital came out late because of a power breakdown.

Sir Stafford Cripps Made Privy Councillor

Presumably as a reward for his able services as British Ambassador to Moscow during the recent period leading up to the war between Nazi Germany and Soviet Russia, Sir Stafford Cripps has been made a member of the Privy Council. Announcement of his elevation was made in London on June 25.

Singapore Stands as Guardian of British and Allied Interests Against the Japanese 'New Order'

Built amid the Malayan jungles after 1921, the virtually impregnable British naval base at Singapore is now a Far Eastern counterpart of Scapa Flow capable of accomodating or servicing the entire British Fleet. As such it constitutes a stabilizing force in the South Pacific which may prove a dominant factor in keeping Japanese "co-prosperity" aggression above the Equator.

Singapore, brought under British control by Sir Stamford Raffles in 1819, was developed into a naval fortress at the suggestion of Admiral Jellicoe, with a view to enabling the fleet to move into Eastern waters should necessity demand. Consequently, every facility needed for the navy—harborage, docks, repair shops, munition dumps, and wharves —is provided for on a large scale.

Anchorage alone covers 20 square miles of deep water while the Admiralty harbor, according to the Far Eastern Bureau of the British Ministry of Information, extends all the way from the Johore causeway down the Straits to Changi Point. This includes the mouth of the Johore River which is protected by the islands of Pulau Tekong and Pulau Ubin.

The base itself, covering four square miles, is up the Straits at Seletar. Presented to the British Government as a gift by the Straits Settlements when the Singapore scheme was conceived, this site is marked by the towering masts of a naval radio station and thousands of yards of protective seawall. Wharves have been constructed with berths to accomodate several warships at the same time.

The dockyard includes the King George VI Dock and the Floating Dock, both of which can accomodate the largest battleships afloat. The King George VI Graving Dock reaches down to bed rock and is 1,000 feet long, 130 feet wide, and 35 feet deep at the entrance. Water can be rapidly pumped out of it once a ship is berthed inside, enabling workmen to examine the understructure of the ship, scrape off barnacles and undertake repairs.

The floating dock, which was towed 8,000 miles from England, displaces 50,000 tons, has its own generating station and workshops, and accomodates larger ships than can pass through the Panama Canal.

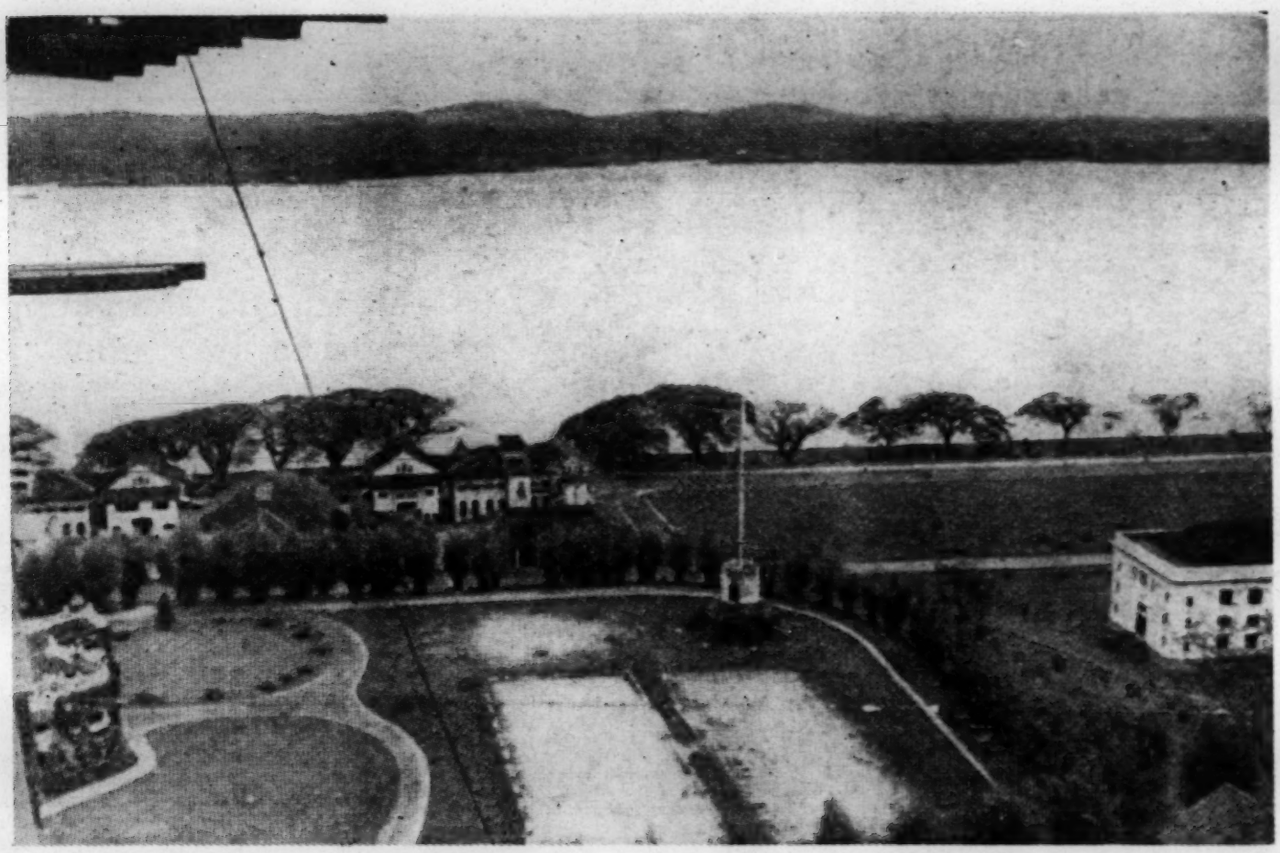
Located within the dockyard is a powerful crane which can lift out of a warship a complete gun or boiler needing repair. Numerous smaller cranes are handy for removing other equipment requiring attention.

Operated in connection with the docks are workshops fully supplied with the latest types of machinery for handling any kind of naval repair job. Traveling cranes and railway lines running through the dockyard area enable heavy equipment to be transported rapidly into that part of the dockyard where the needed repairs are to be effected. British engineers and overseers are engaged in the shops, although most of the work is done by thousands of skilled Chinese, Indian and Malay artisans.

The armament depots contain magazines holding stocks of all types of naval shells, mines and torpedoes. The depots are constructed on modern design with a view to being able to withstand direct hits by heavy bombs. These magazines can supply with munitions any warship from a 15-inch-gun man-of-war to an escort vessel. Oil reserves, said to be capable of running the fleet for six months, are kept on hand despite Singapore's close proximity to the oilfields of Borneo and Sumatra.

In anticipation of a possible siege, the base is provided with a victualing yard which includes extensive air-conditioned cold storage chambers where supplies for at least half a year are stored. The water supply is secured by well-protected mains which are supplemented by two reservoirs

Scene of Britain's Mighty Far Eastern Fortress



Britain's great naval and air base at Singapore overlooks the Straits of Johore, which separate Singapore from the mainland, seen in the background of the picture. The attractively laid out grounds in the foreground are part of the naval establishment.

within the boundaries of the base for use should the mains be broken.

The formidable land fortifications protecting the naval base are almost as powerful as the base itself. Artillery, heavy machine-guns and troops are on guard against any attack from the jungles. The terrain and sea for miles around are plotted on a fire chart so that a withering spray of well-directed gunfire can inflict heavy losses on any invader.

Patrols are even now being maintained daily to prevent enemy vessels from approaching Singapore. Small ships converted into auxiliary naval vessels and Straits Settlements R.N.V.R. launches are utilized for this purpose. Every ship approaching Singapore is challenged by Port War Signal Stations which inform the defenses if the ship fails to carry out the prescribed rules of approach.

The entrance to the Straits of Johore and the harbors are further protected by contact minefields, which compel any approaching ship to follow clearly-defined channels which are swept daily.

The strategic significance of the Singapore citadel is evident. Sumatra extends southeastward from Singaport Island for more than 500 miles, thus making the main sea routes from ports north and east of the Malay Peninsula finger through the comparatively narrow straits of Malacca. These, of course, are dominated by the Singapore naval base.

Japan, obviously the only threat to South Pacific security, is fearful of making an attack on the Netherlands East Indies or British Austral-Asiatic possessions so long as Singapore is likely to be utilized by a hostile fleet, whether British, American or Dutch.

That Japan is probably unable to remove this threat to her aggressive designs is noted in "Showdown At Singapore?" a pamphlet published by the American Council of the Institute of Pacific Relations. "The distances are such as to make a Japanese invasion a difficult undertaking, even with new footholds in Indo-China and the islands of the South China Seas. British garrisons in Malaya were strongly reinforced in December, 1940 and again in February and March, 1941, with British, Australian, and Indian troops of all kinds—infantry, artillery, engineers and auxillary units—and now number at least 60,000 men, to which may be added some 20,000 locally raised forces. Formidable fixed defenses including many concentrations of anti-aircraft have been made throughout the territory; in nearby Burma there are some five divisions, while the Dutch have a well-trained army of 85,000 in the East Indies.

"Stationed at Singapore is the Far Eastern Command of the Royal Air Force, which has been heavily strengthened in recent months. The delivery of late-model combat planes, including Lockheed bombers and and Brewster fighters, shipped directly from the United States, gives the R.A.F. the tremendous advantage of qualitative superiority in air warfare.

"In short, it would not be easy for Japan to take Singapore and the East Indies even if the United States remained aloof."

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Germans Take Minsk in Mighty Drive for Moscow; Enormous Enemy Losses Claimed by Either Side

Driving at typical blitz speed, German panzer units this week swept 300 kilometers across Soviet-held Poland to capture Minsk, capital of White Russia, and Lwow in southern Poland. Contact between the main Nazi and Red armies has not yet been established, however.

The primary German spearhead of attack is now seen to be in the central sector of the 1,700 mile Russo-German battle front. Latest reports of fighting in this area, issued by D.N.B., German news agency, state that Hitler's panzer divisions have penetrated the Soviet lines near Minsk and are within sight of Smolensk, strategic rail center only 250 miles from Moscow. This vanguard force is said to have skirted Minsk before its capture and to have raced unhindered along the smooth motor road leading to the Red capital. The report has been denied by Soviet officials.

The Finns Attack

Fighting, although most heavy in the Minsk sector, is progressing along the entire front. Finnish armies, supplemented by Swedish volunteers, are attacking the Soviets on the Russo-Finnish border, while Hungarian and Rumanian troops are reported to be supporting the Germans in a weak attack on Bessarabia. Nazi armies have pushed northeastward from East Prussia through Soviet-held Lithuania and are now fighting in Latvia.

In southern Poland, the Nazi drive for the Ukraine is making little headway, although Lwow was occupied some time during the week. Lwow is still 100 miles from the pre-1939 Soviet frontier.

A *United Press* observer reports from Berlin that the Nazis are employing their previously successful encirclement tactics. He states that the Germans are attempting to form a tight ring around Red armies in Bialystok, Poland, in the area between Minsk and Smolonsk, and in Latvia south of the Gulf of Riga.

Rival Claims

Both Soviet and German high commands have officially anounced large bags of enemy equipment and men. Hitler's legions claim to have captured or destroyed 4,107 Soviet planes, 2,233 tanks, and 1,297 armored cars. In addition they claim to have sunk four cruisers, three submarines, and to have encircled two Red armies of 500,000 men east of Bialystok.

The U.S.S.R., while denying these reports, states that Germany has lost 2,500 tanks, 1,500 planes and 30,000 men taken prisoner in the first eight days of fighting. They estimate their own losses at only 850 planes, 900 tanks, and 15,000 men captured or missing.

Volunteers from puppet and anti-Soviet European states are joining Germany's fight against the U.S.S.R. Vichy broke off relations with Moscow and announced that French soldiers will be permitted to crusade against the "communist menace" while Spain and Denmark are also sending volunteers to the new battle-front. Mussolini, of course, has announced that Italian troops will be thrown into the fight side by side with Axis-partner Germany.

In a drastic move to improve Soviet resistance to the invader, the Soviet Government suspended the constitution on July 1 and turned entire control of the state over to a supreme five-man committee headed by Dictator Josef Stalin. Other members of the new committee are M. Vyacheslav Molotov, Foreign Commissar, L. P. Beria, the Commissar of Internal Affairs; Klementi Voroshilov, the former Defense Commissar; and G. M. Malenkow, Secretary of the Central Committee of the Communist Party.

At the same time, M. S. Lozovsky, Vice-Commissar of Foreign Affairs, announced that the U.S.S.R. will fight until Hitler is destroyed. This declaration was welcomed in Allied quarters where attempts are being made to get Stalin to subscribe to an inter-Allied agreement barring the conclusion of a separate peace with Germany.

Syria Campaign

Meanwhile fighting in Syria dragged on into its second month with Vichy forces slowly retreating in face of determined British and Free French attacks. Beirut bombings by British planes were intensified, while Imperial forces swept beyond the desert oasis of Palmyra in Eastern Syria.

Signs of an early cessation of hostilities in the French mandated territory are increasingly evident. Rumors spread that General Henri Dentz, High Commissioner of Syria, has asked permission for Vichy forces to pass through Turkey. A military spokesman in Beirut, moreover, admitted that civilians in the city were clamoring for immediate peace in order to prevent unnecessary loss of lives.

Air Patrol of Burma Road is Suggested

American military experts last week advised the Administration in Washington that a regular air patrol of the vital Burma road, employing American airplanes and pilots, is the only possible way to safeguard the transportation of American supplies to Chungking, **Domei** reported from New York. The Chinese air force is considered inadequate for keeping the highway open, the agency said.

The same source said that 100 American-made Curtiss P-40 planes had left for China "secretly" during recent weeks, with American pilots, and these would be employed in defense of the Burma road.

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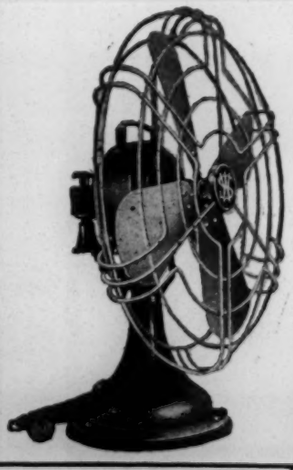

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The Fifth Year of China's Financial Front

BY H. E. DR. H. H. KUNG

(Vice-President of the Executive Yuan and concurrently Minister of Finance)

There are two fronts in modern warfare, one is military and the other financial. Although armies, navies and air forces figure conspicuously in the public eye, yet the less spectacular weapons of warfare in the financial field are of equal importance in the conflict of modern nations. Especially in the case of a long-drawn-out conflict, which is a contest in the power of endurance, the prospects for ultimate victory depend on a nation's financial staying power as much as on its military prowess.

At the outbreak of the present hostilities in the Far East, Japan's military chieftains boldly predicted that China could be "beaten to her knees" within three months, while its financial strategists wishfully foretold that China's war finance would collapse within a year. Even some neutral observers entertained serious doubts as to the financial power of China's resistance for any length of time.

Wartime Problems, Difficulties

Admittedly, the problems and difficulties confronting China's war-time finance are as enormous as they are numerous. Immediate ways and means have to be found for meeting a war budget several times larger than peacetime expenditures. Heavy outlays are required for war relief purposes arising from the enormous destruction of life and property both in the front and in the rear. Still greater funds have to be provided for accelerating various reconstruction projects essential to national defence and rehabilitation. Strenuous efforts have to be made for mobilizing and coordinating the nation's financial and economic resources and for overcoming the war-time difficulties hampering the normal development of trade, industry, mining, agriculture and communications. Sound measures have to be adopted for maintaining the stability of the nation's currency and credit structures, especially in face of the enemy's sinister plots to undermine it.

At the same time, China's public finances have suffered severely from the seizure and destruction of its revenue sources by the invading forces. New taxation could not be expected to replace these losses at once, not only because Japan has occupied so many important cities but also because China has not yet developed a relatively productive system of direct taxation. Elasticity of tax yield is difficult to obtain even under normal conditions, and especially when indirect taxes form the main source of revenue. Besides, due to China's low per capita wealth, the people's tax-paying capacity could not be increased overnight to meet the country's urgent great needs. Finally, lack of full jurisdiction over foreigners and in the foreign concessions and settlements has added to China's difficulties in enforcing rigid measures of financial control such as adopted by other countries at war.

China's Surprising Achievement

Without doubt, defence of China's financial front against Japan's aggression has been no simple or easy task. The fact is all the more gratifying therefore that the Government has so conducted its financial administration that today, after four years of strenuous operations on all fronts, China is still holding its own financially as well as militarily, while facts indicate that its continued ability to endure the strains of a protracted war is greater than its enemy has estimated. Such an accomplishment, indeed, has been a surprise to China's foe and friends alike. But it cannot have been an accident. Rather it is due to the strong foundation of China's financial front laid before the war as well as the strengthening of that important structure since hostilities began.

Building the Financial Front

Under the old Manchu Dynasty, China had no modern fiscal system to speak of. The successive Peking regimes that followed the establishment of the Chinese Republic in 1911 were ineffective and were unable even to finance the minimum services of the state. Following its inauguration at Nanking in 1928, the National Government had to face various internal problems, and though a good start was made, financial progress was not as fast as hoped: During the four years immediately preceding the outbreak of the Sino-Japanese hostilities in July 1937, however, China underwent a financial and economic transformation with few parallels in history.

When I was called upon to assume charge of China's financial administration in the fall of 1933, I immediately saw the necessity of developing an adequate fiscal system in order to provide the essential services of the state and to ameliorate the economic life of the people. It was obvious that to improve the revenue receipts of the Government, it was necessary first of all to increase the people's productive power and to modernize the system of financial administration. To attain this object, the Government must remove the hindrances to trade and industry, rehabilitate rural economy, simplify the machinery of revenue collection and provide the country with an adequate banking and currency system. But development of revenue sources must be accompanied by the rational adjustment of state expenditures so as to attain the desirable state of budgetary equilibrium. Moreover, to attract capital for various reconstruction projects, the credit structure of the country must be rehabilitated and strengthened both at home and abroad. To these basic tasks I set myself resolutely.

Reform of Taxation

Space permits only a passing reference to the reform of the taxation system before the war, such as adjustments made in the administration of the customs, salt, consolidated taxes and other internal taxes, and the institution of the income tax as an experiment in direct taxation. Suffice it to say that important measures were enforced with the view to the adjustments of tax rates, simplication of tax procedure, opening up of revenue sources, increase of administrative efficiency and centralization of fiscal control.

Illustrative of the financial authorities' anxiety to remove the past hindrances to trade and industry was the abolition of miscellaneous, exorbitant local taxes. In the summer of 1934, a National Financial Conference was called for the adjustment of local finances. As the result of measures adopted, over 7,100 items of such harmful levies, representing an annual revenue of nearly $70 million, were abolished; while abolition and reduction of over 300 items of local farm

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surtaxes amounted to nearly $39 million a year. The enforcement of these local tax reforms was made possible through the Central Government granting subsidies to the local governments.

Development of Revenue Sources

As a result of the persistent efforts of the Ministry of Finance in opening up revenue sources and reorganizing taxes, receipts from the customs, salt and consolidated taxes improved considerably. Compared with $369 million in 1929, the total of these three taxes increased to $763 million in the 25th fiscal year (1936-37); in other words, more than doubled in the space of seven years.

While seeking to develop revenue sources, the financial authorities paid equal attention to the rational adjustment of public expenditures by curtailing the unnecessary expenses and increasing the essential outlays. Between the fiscal years ending June 1933 and 1937, expenditures of the National Treasury steadily mounted from $705 million to $1,180 million. Nevertheless, despite unusual difficulties the Government devoted substantially increased funds for the promotion of education and culture, economic reconstruction and subsidies to local governments for various constructive purposes. Whereas the total expenditures of these three items amounted to only $97 million in the year ending June 1934, it was increased to $201 million, $270 million and $238 million respectively in the three fiscal years that followed. In the budget for the fiscal years 1937-38, special attention was paid to the acceleration of reconstruction projects by setting aside a special fund of $400 million for launching a five-year economic development program. That was a significant part of China's financial policy and was closely related to the future of the nation's finance. Moreover, although deficits obtained during all the years, the Government was able to keep them within manageable limits and to avoid impairing the long-run prospects of China's finances. In fact, in the year 1936-37, substantial budgetary equilibrium was attained.

Budgetary Control

Indicative of the progress made in recent years towards effective fiscal control was the institution of the Comptroller-General's Office which operates the budgetary system. All budgetary estimates of the various grades of government have to be submitted to the Comptroller-General's Office for examination before they are referred to the Legislative Yuan for adoption. The accountants of the various government offices are directly appointed by the Comptroller-General's Office, while the function of auditing government accounts is vested in the hands of the Ministry of Audits. In this manner government appropriations and disbursements are regularized and controlled so as to conform to the general financial policy of the Government. The institution of the budgetary system represents a distinct improvement in the conduct of China's financial affairs and testifies to the painstaking and progressive efforts made during recent years toward unifying and systematizing the methods of government accounting throughout the country.

Internal Debt Structure

An important corner-stone of China's war finance which was laid before the war is the consolidation of its internal debt structure. During the years under review, loans were issued only on adequate securities, while debt services were meticulously met. In February 1936, a scheme of loan consolidation was placed in effect, whereby five series of consolidated bonds totalling $1,460 million were substituted in place of 33 former issues with the period of principal payments considerably extended. The operation of this scheme reduced the internal debt charges by about $85 millions yearly. Undoubtedly, the solid basis of the internal debt structure and the confidence it has inspired among the people is largely responsible for the singular success with which the Government has floated enormous amounts of internal loans to replenish the war chest during the past four years.

No better evidence of the National Government's honorable record could be furnished than by its conscientious and courageous efforts in recent years to settle the mess of defaulted debts inherited from the former Peking regime. When I took over the financial reins of the country in 1933, I made it a primary object to settle these debts in arrears so as to rehabilitate China's credit. After unsuccessful efforts at a general settlement with all creditors, a program of piecemeal negotiations was undertaken. By mid-1937 the National Government had negotiated the settlements of a total of about $850 million or roughly two-thirds of claims arising from loans, including notably the Tientsin-Pukow, Lunghai, Hukiang, Honan, Peiping-Hankow, Canton-Kowloon, Nanchang-Kiukiang, and Peiping-Suiyuan Railway Loans, the Vickers-Marconi Loans, the Chicago Bank Loan and the Pacific Development Corporation Loan.

These settlements in conjunction with the other financial policies of the National Government strengthened confidence in China's credit so much that, during my visit to Europe and America in the spring and summer of 1937, I was able to conclude a number of new credit arrangements abroad, some of which were concluded even after the outbreak of hostilities. These and the more recent credits extended to China by various countries bear eloquent testimony to confidence abroad in China's financial integrity and stability.

Strengthening Banking Structure

Greatly contributing to the solidifying of China's financial front was the strengthening of China's banking structure during the years immediately preceding the hostilities. In my concurrent position as the Governor of the Central Bank of China, it has been my object to make this institution a veritable tower of strength to the national economy. In 1934 the bank's capital, appropriated by the Government, was increased from $20 million to $100 million. In the summer of 1937, the Government was about to place into effect a plan for reorganizing the Central Bank as the Central Reserve Bank, so as to put it on a more independent basis and make it more truly a bank of banks, when unfortunately hostilities broke out.

In 1935, as a further measure of strengthening the banks, the Government subscribed additional funds to the capital of the Bank of China and the Bank of Communications, substantially increasing the capital of both banks. Also, measures were adopted to improve the system of provincial and local banks and to strengthen Government supervision over the commercial, savings and other private banks. For the specific purpose of assisting rehabilitation of rural economy, the Government appropriated substantial funds for creating the Farmers' Bank of China and the Agricultural Credit Bureau. Meanwhile, the development of modern-styled banks, particularly at Shanghai, displayed remarkable progress. As a fruit of this banking progress, confidence in the strength of the banking structure was greatly enhanced: bank deposits increased rapidly, enabling the banks to extend loans to needy industry and agriculture at lower rates of interest.

Without doubt, the foundation thus laid in organizing support through the strengthening and cooperation of banks has proved to be an invaluable wartime asset in enabling the Government

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to further consolidate and coordinate the resources and facilities of the nation's banking structure, so as to cope with the monetary vicissitudes and needs of the present hostilities.

Reform of Currency

The development of a sound and uniform currency system was long the objective of China's monetary policy. In 1929 the Kemmerer Commission of Financial Experts candidly reported that "China has unquestionably the worst currency to be found in any important country of the world." The abolition in 1933 of the **tael** as a standard of value established standard dollar system throughout the greatest part of China. But there remained to be solved the highly difficult problem of the silver standard.

Unquestionably, the most important foundation of China's financial front is the adoption of a managed currency by the Currency Decree of November 1935. The reform provided for the adoption of an exchange standard, which might indeed be called "Credit Standard". Exchange was stabilized at about the level then existing, to be maintained by means of exchange operations of the Government banks. Silver was nationalized and a fiduciary currency substituted, making notes of the Government banks full legal tender. Banknote issue was unified and currency reserves centralized under the control of a Currency Reserve Board. The Central Bank of China was to be reorganized as the Central Reserve Bank, and the commercial banking system was to be strengthened. Meanwhile, a decimal system of subsidiary coins was introduced.

Thus, in a brief time, as if by a miracle, China acquired the essential elements of a modern currency system, to the great benefit of Chinese and foreign businessmen alike. The new monetary policy produced a marked improvement in China's financial and economic situation. Its successful management inspired confidence both at home and abroad.

Circulation of Currency

There has been some misapprehension concerning the increase of note-issue and its bearing on the position of the currency. Indeed, the volume of currency in circulation has expanded considerably since the opening of hostilities, from $1,444 million to several times that figure. Superficially, such a large increase might easily be mistaken as an evidence of serious currency inflation, but a closer analysis would suggest that the increase in note-issue has been brought about more by economic than by fiscal necessities. Even before the war, China's note-issue was not sufficient to meet the needs of the entire country. As a consequence of hostilities, increased hoarding and holding of cash balances by the public to meet emergency requirements have entailed a larger volume of currency. Extended circulation of the National Currency in areas formerly served by their respective local currencies notably in Yunnan, Szechwan, Kwangsi, Sikang and Sinkiang, has likewise resulted in a larger circulation. Moreover, circulation of the National Currency has continued even in the areas occupied by the Japanese, especially in Central China, in the foreign-controlled areas in Shanghai and Tientsin and in the territories where the Chinese guerillas are active. Where the Japanese control is really effective, the legal tender notes, being prohibited from circulation, are in effect immobilized and not in active circulation at all. Besides, there has been large export of notes, either on Government or private account. Insofar as these notes are exported and particularly when they are kept in the vaults, they amount in effect to hoarding because they are no longer in active circulation. Rapidly increasing activities in connection with the economic reconstruction of the interior, such as the building of railways and roads and the development of mines and manufactures, also require a larger amount of currency for pay-rolls and retail transactions. Finally, increases in the level of prices have in themselves required a large volume of hand-to-hand currency.

No Reckless Finance

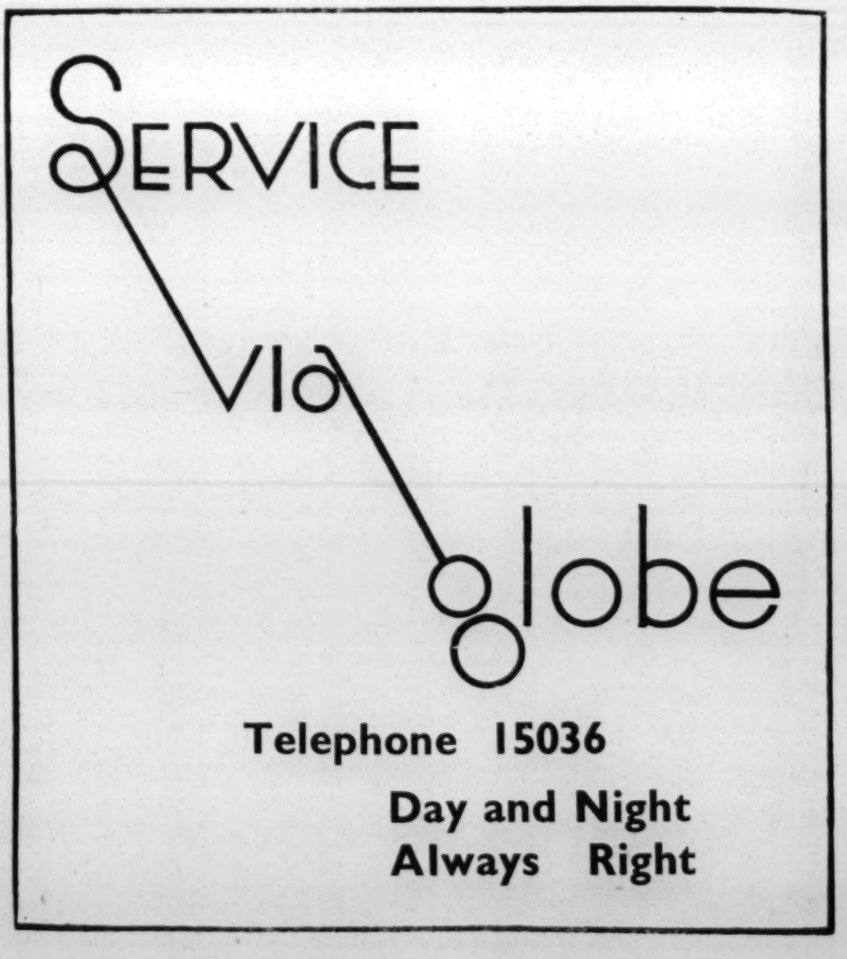
Whatever the increase in note-issue may be, it is important to note that, fundamentally speaking, whether or not there is an excessive issue depends not on statistical figures but on the saturation point at which national currency requirements are adequately provided. Judging from this viewpoint, the present total volume of China's note-issue cannot be said to have passed the point of saturation. Far from having plunged the country into the abyss of reckless inflation, the Government has resolutely refused to imitate other countries in tampering with the issue of bank-notes in war-time.

All in all, the surprise of the last four years' management is not that China's currency has been subjected to severe tests but that it has withstood so well the enormous strains imposed upon it by the hostilities and enemy's onslaught. Little wonder that such a showing has inspired confidence both at home and abroad in China's financial outlook.

Economic Development

Along with the successful management of China's wartime finance and currency, foreign friends should be interested to note the intensive economic development that is forging ahead in China's vast hinterland despite or rather because of the war. Remarkable progress has been made in removing factories and plants from the coastal cities to the interior, in establishing essential industries in the rear, in rehabilitating rural economy, in developing agricultural exports, in readjusting trade, in opening up natural resources and in improving means of communications. All these efforts, coupled with China's abundance of manpower and natural resources as well as successive excellent crops, which truly are God-sent assistance, have enabled the Government to erect in China's vast hinterland—the Northwest and Southwest—a strong base for national resistance and reconstruction and to adopt a policy of playing for time. The significant progress, moreover, is an undertaking in modernization the economic possibilities of which are of immense importance to foreign and Chinese interests alike.

In carrying out this vast program of economic development simultaneously with armed resistance, the Chinese Government continues to welcome the financial and technical assistance of friendly Powers. The principle of "International Development of China", so wisely laid down by the Father of the Chinese Republic, the late Dr. Sun Yat-sen, remains and will remain the watchword of China's policy of national reconstruction. China appreciates foreign cooperation not only in maintaining its financial stability in war time but even more in tackling the still greater problems of economic rehabilitation that will follow in the wake of the present hostilities.



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U.S. Court for China Completes 35 Years of Judicial Activity

BY H. M. S.

Completing three and a half decades of judicial progress, the U.S. Court for China this year celebrates the 35th anniversary of its establishment by Act of Congress and its exercise of extrality rights enjoyed by American citizens in this country. The impartial and unbiased application of American laws to American citizens in a country with a multiplicity of legal systems which often conflict with each other, has been rendered more complicated by the wide and divergent application of extrality rights to nationals of various foreign treaty powers.

For decades the imponderable shadow of a grave doubt regarding procedure has caused serious misgivings to the judges of the court as well as all foreign tribunals exercising extrality rights.

Not infrequently, the procedure adopted by the U.S. Court has been relegated to second place when it conflicted with local municipal bye-laws, ordinances and procedural rules.

Judicial Dignity

Under Judge Milton J. Helmick, the U.S. Court for China has flourished and assumed a dignity compatible with that of American federal courts elsewhere and the loftiest traditions of Anglo-American jurisprudence and the administration of justice.

In the early years of the court's existence, laxity in the application of and regard for the law threatened to undermine its very existence. The tribunal was established at a time when degrading and illicit business in China flourished under the title of American citizenship and political indifference. The first judge of the court and several of his successors were involved in scandals and petty bickerings with American attorneys which were wholly incompatible with the dignity and prestige of the tribunal.

The moral turpitude of the past is recognized today as having been inevitable in a period of transition and evolution. Fortified by the vicissitudes and trials of yesterday, the court has emerged a venerable and dynamic institution. Its precincts today are the sacrosanct temples of justice where law is administered with that impartiality consonant with the highest tenets of American jurisprudence. Its edicts and judgments appeal to the conscience of the entire international community, are often quoted in the Chinese courts. Emanating from a federal judge steeped in the law and with a wide experience, they command the respect of Chinese, as well as foreigners, throughout the length and breadth of the country.

Seven Years in China

The present incumbent, Judge Helmick, came to China in June, 1934. One of his first important acts was the fixing of legal interest to be levied by American citizens under the Code of the District of Columbia at eight per cent. Each act of his thereafter rivetted the rigid application of the Code more firmly in the court's procedural structure.

The depression which swept Shanghai in the Autumn of 1934 and early in 1935, brought in its train a harvest of bankruptcies of local American firms, many of them being forced to go into receivership. The danger that the very credit of American nationals here would be affected became formidable until reorganization proceedings under the new section 77-B of the U.S. Bankruptcy Act were applied to several large American firms which later were reorganized to the benefit of their creditors.

In the summer of 1935 the court held a nine-week session in Tientsin and Peking, the old capital, where for the first time in American history a federal court sat on a United States military reservation, the sessions being held in the Marine compound of the American Fmbassy.

In Canton the court adjudicated numerous important cases, falling mostly under the category of routine litigations. It adopted rules permitting examination of judgment debtors regarding their assets.

In April, 1936, the court and consulate moved to their present quarters in the Development Building. Here much better accomodation was provided. Its library of 7,500 volumes had more spacious room and has since been accessible to all Shanghai lawyers, foreigners and Chinese alike.

War Makes Complications

The Sino-Japanese hostilities presented many cases of a most complicated nature involving intricate questions of property rights including godown cases and a complex war risk insurance case. Several cases under the China Trade Act were decided and in one instance the court dissolved a Tientsin corporation because of insufficient American control. This was one of a number of cases when the court exerted strict vigilance to circumvent any possible abuse of American citizenship and the privileges accompanying the enjoyment of extrality rights by Americans.

An abnormal number of cases was heard in 1939. In February the court adopted complete and comprehensive rules of procedure which followed as closely as possible the uniform rules promulgated by the Supreme Court for the Federal District Courts in the United States.

Supplementary rules, with specific application to local conditions, and governing the admission and disciplining of lawyers, were added by Judge Helmick. The adoption of Federal Rules for the court here brought to an end the distressing uncertainty in procedure.

When abolition of extrality rights, the most cherished desire of Chinese statesmen, shall have been attained, the work of the U. S. Court for China and Judge Helmick in this country will endure as a monument to the advance of American jurisprudence and their benign influence in the shaping the future administration of justice in China.

Workers' Living Costs Show Slight Decline

In the month of June, for the first time since August of last year, the cost of living index of Shanghai workers showed a decline, though only a slight one, according to an S.M.C. report. The general index stood at 772.82 (1936 equals 100) as compared with 802.68 in May, a drop of 29.86 points or 3.72 percent. The purchasing power of the Chinese dollar consequently rose by half a cent from 12.46 cents in May to 12.94 cents in June. The food index group showed the biggest drop—5.33 percent. Clothing was down only very slightly, while the fuel and light and miscellaneous indices advanced slightly.

Cost of living of Shanghai foreigners rose by 3.21 points or 1.28 percent. This index is based on the period Oct.-Dec., 1939 when the S.M.C. first started computing the foreigners' living costs. On this basis, the Chinese dollar in the hands of a foreigner was worth 60.49 cents in June and 59.98 cents in May.

Terrorists Wound Gendarmerie Aide

Sole political attack of an unusually quiet week on Shanghai's terror front was the shooting on July 1 of Li Tsah-ching, a translator employed by the Japanese gendarmarie. Mr. Li, reputedly a rice profiteer as well as an employee of the Japanese armed forces, was seriously wounded by two Chinese gunmen who waited for and shot him at the entrance of his home at 15 King Loh Terrace, Haining Road.

Two kidnapping incidents occurred during the week, one involving Dr. Zee Liang-tong, a well-known local doctor, and the other an unknown Chinese who escaped from his captors.

Dr. Zee was abducted by four armed men in front of the International Funeral Directors' parlors on Kiaochow Road July 1, while on his way home. The four bandits stopped the doctor's car and attempted to carry him off in it but were unable to start the motor. They then held up a Ford Hire car, which they commandeered and used to abduct their victim.

The second kidnapping incident also occurred on July 1 and ended in a fierce shooting fray at the intersection of Foochow and Hoopeh Roads. One of the abductors was badly wounded and another captured by Settlement Police. The fight occurred when the intended victim struck one of the kidnappers in the face and escaped.

Four internees of the "Doomed Battalion" camp were given the death sentence in the First Special District Court on June 27 when they were convicted of murdering Lieutenant-General Hsieh Ching-yuan on April 24.

The four men sentenced to be executed are Hok Ching-cheng, Yao Yu-liang, Chang Wan-cheng and Chang Kwok-chun. Two other accomplices in the attack, Chow Saio-san and Chang Foh-tsung, were sentenced to life imprisonment, while another two received prison terms of nine years each.

Date of the executions was not set since there is no proper office in Shanghai to carry them out. Seventy criminals at the present time are now awaiting execution in local jails.

Attention was focused on the increased activities of terrorists in the Hongkew area recently when a Japanese naval spokesman announced the receipt of information revealing that three bands of "Blueshirt" terrorists had slipped through Japanese patrols into the Japanese-occupied section of Shanghai. The shooting on June 24 of Wu San-ying, reported to have been connected with the Nanking regime in a military capacity, was attributed to these bands.

Japanese Population of Shanghai Still Increasing

The local Japanese population is still increasing considerably the **Tairiku Shimpo** reported last week, basing itself on figures issued by the Police Bureau of the Japanese Embassy. On June 1, the total number of Japanese subjects residing in Shanghai and environs was 138,020, an increase of 5,000 in the course of a month, the figures showed. The figure for Shanghai proper was 87,277, comprising 79,192 Japanese, 5,144 Koreans and 2,911 Formosans.

125,000 Workers Strike In Nazi-held Belgium

Demanding an increase in the food ration and a 50 per cent increase in wages, 125,000 workers in Liege, Belgium were on strike last week, according to a report by the Soviet news agency, **Tass**, from Basle, Switzerland. The report said that the strike was started by workers in the metal industries and that miners, tramwaymen and textile workers joined in.

Spain 'Non-Belligerent' But Fights Soviets

Spain will not abandon her position as a non-belligerent in the European conflict (including the Nazi-Soviet war) but has nevertheless permitted the Falangist Party to organize an expeditionary force to fight with the German armies against Soviet Russia, it was officially announced in Madrid on June 26, according to **Havas.** The expeditionary force, it was stated, will be composed of volunteers enrolled under party, not government auspices. The government and the party are of course one—as in Germany, Italy and Soviet Russia.

A circular sent to prospective volunteers stressed Spain's determination "not to rest as long as Soviet Russia exists, as long as the real redeeming revolution of the peoples has not triumphed, as long as there is the shadow of Communism over Europe."

Announcement of the organization of an expeditionary force was preceded and accompanied by violent anti-Soviet demonstrations in Madrid, Toledo and other Spanish cities. In Seville, demonstrators marched through the streets crying "Long Live Hitler, Mussolini and Franco! Death to Communism!" **Domei** reported.

General Gamelin Said Escaped from Prison

The German **Transocean** agency reported on June 28 that General Maurice Gustav Gamelin, who commanded the Anglo-French armies in France until June, 1940, had escaped from Bourrasol Castle where he was held prisoner while awaiting trial on charges of contributing to the defeat of France. The Vichy authorities, **Havas** reported, issued a categorical denial that the general had escaped.

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Blackburn Hurt, British Embassy Demolished in Chungking Air Raid

The buildings of the British Embassy in Chungking were blasted into ruins and several members of the Embassy staff injured when a fleet of 54 Japanese bombing planes raided the Chinese capital in several waves on June 29.

Injured British staff members were Sir Arthur B. Blackburn, Embassy Counsellor, well-known in Shanghai, who suffered a fractured jaw and severe shock; Mrs. W. D. Allen, wife of the third secretary, whose face was bruised; Mr. Allen, her husband, who suffered a slight arm injury; and Mr. Edmund Burgoyne, secretary to the Ambassador, whose hand was slightly injured.

Two Chinese Killed

Two Chinese employees of the Embassy were killed outright when a bomb fell at the entrance to the Embassy dugout, while 11 others were injured in varying degrees. Chinese doctors attended all the injured and it was announced that Sir Arthur Blackburn would probably be sent to Hongkong to recover.

On June 30, Japanese planes raided Chungking again, but concentrated their attack on the western part of the city and the crowded Kiangpei suburb across the Chialing River.

In the June 29 raid the American Methodist Episcopal Hospital was badly damaged by a direct hit, but there were fortunately no serious casualties.

Foreigners Warned

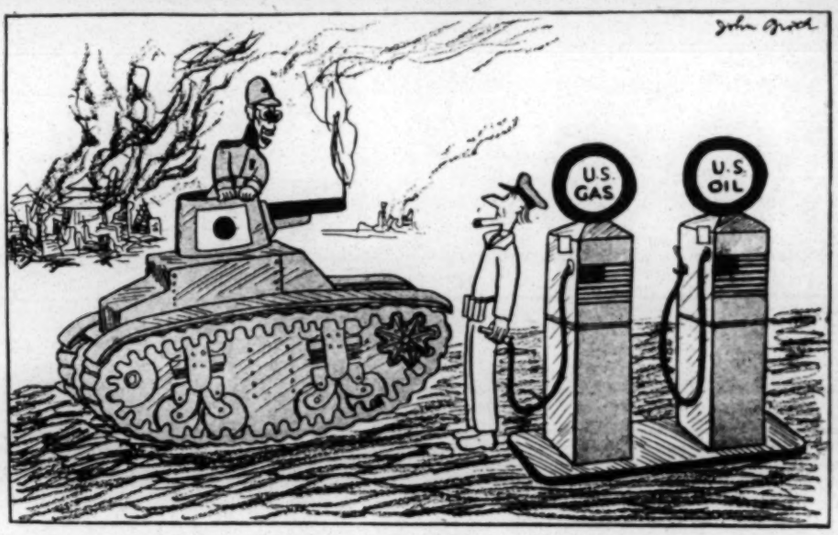
A warning to foreigners that they must take the consequences of remaining in Chungking, and intimating that Japan could entertain no complaint if they were injured or killed and their homes and places of business destroyed, was voiced by the semi-official Tokyo newspaper, the *Japan Times & Advertiser*. The paper declared that "in a state of siege such as exists in Chungking today, and under modern conditions with airplane attacks, civil law is suspended and military law supervenes. The obligation must rest upon the foreign governments to remove their offices and representatives."

The journal added that whoever remains in Chungking today must do so at his own risk, because "despite every precaution to confine attacks to military objectives, the whole city is a military objective and it is unreasonable to expect that non-combatants there will be immune from the destructive effects of the general bombing."

Citing the fact that non-Chinese in Chungking have not taken the precaution of building bomb-proof shelters, the journal declared, "That being so, it seems to be an admission that missiles would be expected to drop on or near all zones."

Concluding, the journal warned Chungking to prevail upon foreign nationals to keep from danger spots. "Or perhaps Chungking Chinese prefer to have foreign missions among them in the hope that planes will keep away rather than risk foreign complications."

American Gasoline for Japan's War Machine



P.M.—New York Daily.

"Fill 'er up again, Sam!"

Belgian Priest Killed By Japanese Gunfire

Father Vincent de Paul-Martin, 29-year-old Belgian priest, was killed by Japanese shell fire in the Chungtiao mountains, southern Shansi, during the Sino-Japanese fighting in May, according to a report which reached Chungking on June 24, **United Press** stated. A native of Namur, Belgium, the priest had been serving as leader of a medical corps with one of the Chinese divisions.

Eleven Catholic priests met their deaths in China last year either as a result of Japanese aerial bombings or at the hands of Chinese bandits, according to Catholic sources in Chungking.

Netherlands Indies Prepare for Attack

With the departure from Batavia on June 27 of the Japanese economic delegation headed by Mr. Kenkichi Yoshizawa, came reports of feverish war preparations in the Netherlands East Indies.

Japanese evacuees from the spice islands who landed in Amoy from the Samarang Maru, on June 30 reported that the recruiting of volunteers is assuming large-scale proportions, that trenches and barbed wire entanglements are now extended along much of Java's northeast coast, and that only Japanese on official business are permitted to travel in the Indies and then only when accompanied by a Dutch official.

A *Domei* report dated June 30 states that the Netherlands East Indies, Australia, and British Malaya, fearing aggression, have reached agreement for the joint use of all their naval-air bases including Singapore, in the event of an emergency.

It was also asserted that the agreement provided for the dispatch of Australian infantry to Amboina Island and that barracks to accomodate 10,000 additional British troops are under construction at Penang and Kuala Lumpur. Announcement of such an agreement has been denied by informed circles, however, according to an *Associated Press* bulletin.

It is further reported by *Domei* that the British have concentrated troops on the Burma-Thai border and have established air bases and fields stretching from the northern Burma-Thai border to southern Malaya, thus bringing all of Siam within the range of British bombers.

The Burma bases are said to have 100 planes, while 200 planes have been stationed in Malaya. Shipments of American-made planes are expected to supplement the English machines which are predominantly old types.

Need for such precautionary measures is reflected in the assiduous cultivation of Thai nationals by the Japanese. Latest such activity is the report that the Japan-Thailand Institute in Tokyo, headed by General Senjuro Hayashi, former premier, has decided to build a two-storied boarding house as a dormitory for the ever-increasing numbers of Thai students brought to Japan for education. More than 170 Thai students are now in Japan, and 40 more are expected to arrive by August 7.

Meanwhile, closer communications between the United States and the East Indies are envisaged in plans of the Royal Dutch and the Royal Netherlands Air companies to establish an airline from the Dutch Pacific Islands to America.

It is understood that the proposed airline will touch British and French territories instead of Hawaii. Mr. William Versteegh, manager of the Royal Dutch Company, is in America now negotiating for the new line.

Chilean Government Outlaws Communists

The Communist Party of Chile has been outlawed, according to a **Havas** report from Santiago on June 26 which said that the Chamber of Deputies had decided on this step.

Missionary Evacuation Not on Great Scale

Evacuation of Protestant missionaries from interior China in the current crisis is on a much smaller scale than occurred during the Boxer Rebellion of 1900 or the Communist uprising of 1927, according to the Rev. C. L. Boynton of the National Christian Council.

In refuting rumors of a record evacuation of mission personnel, Mr. Boynton released figures showing that mission workers remaining in China on June 1 totaled approximately 3,600 out of a normal 4,482. Of this number 2,240 were women and 1,360 men.

In making a survey in which executives of 18 of the principal American, British, and international Protestant missions were directly contacted, Rev. Boynton found that the mission force of these groups remaining in China on June 1 of this year was 2,162, a decrease of 643 from the number here on October 1, 1940.

Of those who are not now in China, three are reported to have died, 22 to have gone to the Philippine Islands, and 607 to have definitely left. At least 189 of those who departed went on regular furlough. From this it is inferred that about 400 workers departed as a result of the urgent suggestion of the U.S. State Department.

Mostly Women

Out of the 607 definite evacuees, 134 were male missionaries, 274 were wives, and 152 were single women. The sex and marital status of 47 were not indicated.

By applying the same proportions to societies not included in the survey, which normally employ 2,274 workers of the 5,747 here, it is ascertained that 1,360 male missionaries remain in China as against 640 absent, while 2,250 women are in China as against 1,760 absent.

This means that about 10 per cent of the male and 25 per cent of the female missionaries resident in China on October 1 last have left in compliance with official advice. A small number of those who were already absent have since returned, leaving about 68 per cent of all male and 56 per cent of all female workers still in China compared to a normal of 78 per cent each. The 22 per cent not present in normal times is accounted for by regular furloughs.

These percentages compare favorable with evacuation figures for 1927. At that time more than 50 per cent of the 8,250 missionaries stationed in China were absent, or over 4,000 as compared with the present 2,500.

Only some 100 missionaries have plans for leaving before August 31, 1941, and workers returning from home leave may very nearly offset the loss of these.

The societies reporting in the survey included 59 per cent of missionaries attached to American societies, 100 per cent of those in international societies, and 50 per cent of those in British societies.

Puppets Start Bank In Shansi Province

A new puppet banking institution known as the Shansi Commercial Bank, was due to open for business on July 1, according to a **Domei** message from Taiyuan, Shansi provincial capital. The bank is to have a capital of $3,000,000, half of which has been subscribed by the puppet Federal Reserve Bank of China in Peking, and the other half by "leading Chinese financiers" of Shansi. It will play a leading role in the development of North China's most prosperous province, **Domei** said.

"Light"

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Outstanding Events in the Sino-Japanese War

A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of The Review.

June 15

The new offices of the American Military Attache were practically destroyed during a Japanese air raid on Chungking. Buildings financed by American Red Cross funds were wrecked, and the American gunboat Tutuila together with the U. S. Navy canteen were slightly damaged, but there were no foreign casualties.

Japanese-occupied Foochow is facing economic ruin, with an insufficient quantity of cash because of frozen funds, a **Reuter** report from Foochow stated, adding that thousands of people are starving and there are a large number of deaths daily.

$1,300,000 was donated to Chungking by Messrs. Hsu Hao and Chi Tao-hua, members of the local gentry at Kwangfeng, in Kiangsi, who sold all their private properties for the national cause, a **Kuo Min** report stated.

According to a statement issued by the Japanese military authorities in Central China, joint mopping-up operations by the Japanese and Nanking forces are expected to be launched for the "suppression of bandits" in the lower reaches of the Yangtsze, **Central Press Service reported.** The new joint operations will be but the forerunner to a system whereby responsibility for maintaining peace and order will be taken over by the Nanking Government, according to **Domei.**

⁂

June 16

The 104th Chinese Division has recaptured Yunglochen, on the north bank of the Yellow River in Southern Shansi, **Kuo Min** reported, adding that Chinese artillery units at Tungkwan, on the southern bank of the Yellow River, heavily bombarded the Japanese positions at Fenglingtu, causing serious losses.

Large formations of Japanese naval bombers virtually destroyed every military objective at Liangshan, important Chungking outpost in the eastern part of Szechwan Province, a Japanese military communique disclosed, according to **Domei.**

A Tokyo report that Great Britain is attempting to improve her relations with Japan is merely wishful thinking on the part of Japan, and no Anglo-Japanese rapprochement is possible at present, because Britain is not likely to repeat the "appeasement blunder," declared the **National Herald (Shen Chow Jih Pao).**

⁂

June 17

The Special Committee appointed by General Chiang Kai-shek to investigate the dugout tragedy at Chungking during a Japanese air-raid has entrusted a local court with the questioning of witnesses, **Havas** reported, adding that an official complaint is expected to be lodged against those responsible for the disaster.

"There is no possibility of peace with Japan as long as a single Japanese soldier remains on Chinese soil," the **Central Daily News,** editorially declared, commenting on the visit to Japan of Wang Ching-wei, head of the Nanking regime. The paper appealed to the country to strengthen its resistance to crush the dreams of Tokyo and Nanking.

Wang Ching-wei, head of the Nanking Government, accompanied by 10 ministers of his regime, arrived at Tokyo to receive one of the greatest welcomes ever accorded a foreign visitor. He was officially welcomed by Japan's foreign minister, Yosuke Matsuoka, and other Japanese notables.

The first regular meeting of the Third National Financial Conference was held at Chungking and presided over by Dr. H. H. Knng, Minister of Finance.

⁂

June 18

Dr. H. H. Kung, Chinese Finance Minister, appropriated a huge sum for the purchase of rice from Burma and other rice-producing areas in the South Seas, **United Press** reported. With the arrival of 50,000 piculs of Yunnan rice in Chungking, the problem of rice shortage in the wartime capital is expected to be solved, a **Reuter** report stated, adding that Hunan will supply 900,000 piculs of rice to Chungking within a period of one year to bring down the price of rice.

Japanese naval planes heavily raided Lukiang, central Anhwei Province, and the headquarters of the Chinese 527th Brigade, the Japanese China Seas Fleet announced, according to **Domei.**

Commenting on the current international situation, the **Chung Mei Jih Pao** predicted that Japan is likely to enter the war on the side of the Axis if the United States goes to war with Germany. Any Anglo-American attempt to appease Japan has proved, and will prove, futile, the paper said, since Japan has repeatedly asserted her intention to respect her alliance with the Axis.

⁂

June 19

Mass raids were launched by Japanese naval bombers on Lanchow, capital of Kansu Province, and Sian, capital of Shensi Province, the Japanese China Seas Fleet announced, adding that many military targets, barracks, and storehouses were hit.

A telegram appealing for an American embargo on oil and gasoline shipments to Japan in view of the recent ruthless Japanese air raids on Chungking was sent to President Roosevelt by Mr. W. S. McCurdy, veteran Methodist missionary, and Mr. George Fitch, high Y.M.C.A. official, a report by **Havas** stated. "Chungking Americans," the telegram said, "cannot understand the continued sale of gasoline and oil to Japan. How can we escape responsibility for recent bombings when thousands perished here, the American Methodist Hospital was destroyed, the office of the American Military and Naval Attaches damaged . . . all enabled by the use of our gasoline and oil."

German recognition of the "National Government" at Nanking is only a "matter of choosing a suitable time," Dr. P. Schmidt, German Foreign Office official, told Japanese newspapermen, according to a **Domei** report.

⁂

June 20

Addressing the Third National Financial Conference now in session at Chungking, Mr. A. M. Fox, American member of the Joint Currency Stabilization Board, declared that the Board's

functions would aid China's external trade, discourage speculation and maintain the prestige of China's currency. Stressing the importance of the stabilization of currency relationships, Mr. Fox said: "By so doing we hope it will have favorable repercussions on the internal financial situation, both from the point of view of the Government's fiscal situation and the point of view of exercising a restraining influence on prices and other inter-related economic factors."

Japan's policy of assisting the Nanking Government will be intensified and the war continued against Chungking "which has not awakened from the anti-Japanese dream of continuing resistance and causing the Chinese masses suffering," declared Japanese War Minister, Lieut.-General Hideki Tojo, at a banquet in honor of Wang Ching-wei, head of the Nanking Government, during his state visit to Japan.

***

June 21

Attacking the Chinese 19th and 107th Divisions near Lake Yao, Japanese troops captured Matan and Wuki, 16 kilometers northeast of Nanchang, report by **Domei** disclosed, adding that another Japanese unit has seized Chenkowkai, 15 kilometers northeast of Nanchang.

Lieut.-General Shen Yeh-jen was sent to northern Kiangsu by General Ho Ying-ching, Minister of War, to inspect military establishments, according to **Kuo Min.**

Commenting on the Japan visit of Wang Ching-wei, president of the Nanking regime, the **Asahi** editorially urged the Japanese Government to strengthen the ties between Nanking and Tokyo in every possible way. Referring to Wang's statements that he had been greatly encouraged by the words of the Japanese Emperor, the editorial said that one of the most important parts of Wang's mission has been achieved.

***

June 22

A series of "devasting aerial attacks" were claimed by **Domei** to have been carried out by Japanese naval warplanes over Tienshui, Lanchow and Lingchow in Kansu province, and also at Chengtu, in Szechwan province and over Yaan and Kwangyuan, in Shensi province.

One of three Chinese planes was also claimed to have been shot down in a "dog fight" over Kwangyuan, and another over Tienshui. The Japanese also claimed that one Chinese plane was set on fire and another damaged on the ground at Yaan.

Chinese guerillas operating in northern Hunan successfully attacked the Japanese positions in the extensive areas lying between Sinputze, Yanglowsze, Lukowpu, Chungfang, Taolin, Sitang, Changanyi, Wulipai and Yunki, inflicted heavy casualties upon the enemy and captured large quantities of military supplies, **Kuo Min** reported from Chungking.

Pankiao was reoccupied by Chinese guerillas during the attack, it was also reported.

Revelation was made by **Domei** of the defection of 15,000 Chinese troops under General Yang Chung-hwa, commander-in-chief of the Peace Preservation Third Route Army, to the colors of the Nanking Government. The report further claimed that General Yang was appointed by Nanking to the post of military councillor and concurrently commander-in-chief of the Kiangsu-Anhwei Border Pacification Corps.

Who's Who in China

Z. T. Kaung, bishop and religionist, born at Shanghai, 1884; attended Anglo-Chinese College, 1905-09, and Soochow University, 1910-12; member of Phi Tau Phi Society; D.D., Asbury University, Wilmore, Kentucky, U.S.A., 1926;

Z. T. Kaung (Kiang Chang-chuan)
江長川

bishop of the North China Area, the Methodist Church; chairman of the executive Council of the Methodist Church, South, 1934-41; chairman of the Board of Trustees of Soochow University, 1927-31; chairman of the Chinese Home Missionary Society, National and Interdenominational, 1923-41; chairman of the China Sunday School Union, 1937-41; chairman of the Board of Directors of the Nanking Theological Seminary, 1936-40; chairman of the Student Volunteer Movement, 1920-30; preacher in charge of the Moore Memorial Church, 1913-17 and 1937-41; Soochow District Superintendent, 1921-22; address: the Methodist Compound, Peking, or Moore Memorial Church, Yu Ya Ching Road, Shanghai.

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Men and Events

The Japanese authorities at Tsingtao have recommended that all documents connected with the Chinese Maritime Customs be restricted to the Japanese and Chinese languages and that the use of the English language on Customs documents be discontinued.

*

All graduates of medical schools and the medical relief institute at Chungking have been assigned to posts in various public health institutes and medical relief organizations by the Medical Affairs Commission, according to a **Kuomin** report from Chungking June 26.

*

The Kiangsi provincial authorities announced last week that an attempt will be made to re-establish a porcelain industry at Kwangtse in western Kiangsi. The famous porcelain works at Kiangtehchen in north Kiangsi were largely destroyed as a result of the Japanese invasion. According to a **Kuomin** report from Kian, war time capital of the province, there is a demand throughout the country for porcelain ware, hence the decision to re-establish the industry.

*

The Japanese police authorities announced June 28 that there had been another theft of valuable treasures, including works of art and literature, from the temple at Nikko. It was the third theft of its kind in recent months. According to the report, the police arrested a 54-year-old printer and publisher named Yoshihiro Horiguchi, who was accused of the crime. He had sold the materials to collectors. Among the articles taken was a sword used by Ieyasu Tokugawa.

*

According to a letter circulated in the American community this week, the American Company of the Shanghai Volunteer Corps has a strength of 49 officers and men as compared with 107 officers and men in 1931. Today there are 177 officers and men in the American Company, Machine Gun Company, and the American Troop, of whom only 86 are Americans. The Filipino Company has a strength of 75 officers and men. An appeal has been made to all American men to join one of the three American units.

*

A German war film entitled "Victory in the West" was exhibited in Chungking, June 27. A large number of Chinese attended as the guests of the German Councillor of Embassy, Mr. Leopold von Plessen. The film was shown following a German protest which had blocked the exhibition in Chungking of Charlie Chaplin's film, "The Great Dictator." However, a local theater in Chungking announced that it would shortly exhibit an anti-Nazi film entitled "Professor Mamlock," which was produced in a Soviet studio. This film, shown in Chungking two years ago, was later banned as a result of a German protest.

*

Jan Yindrich, correspondent with the **United Press**, who was the only newspaperman to report the siege of Tobruk from the inside, was awarded the annual plaque for outstanding achievement in reporting important events, by the National Headliners Club, a newspaper organization in New York, on June 26. Mr. Yindrich was the only American correspondent inside the fortress when it was surrounded by the Germans more than 80 days ago. In an interview in New York, Mr. Yindrich said that Nazi panzer divisions would not be able to make much progress in Egypt so long as the British troops were able to hold out in Tobruk. He thought the British would be able to hold the place indefinitely.

Lee Wei-sz, aged 35, and her brother Wei Kong-ling, were charged in the First Special District Court on June 26 with smuggling 150 ounces of heroin into the International Settlement. The heroin, thought to have been produced in Tientsin, was found secreted in a suitcase the pair was carrying. They claimed in court they were carrying the drug for their "employer," whose name they refused to divulge. It was thought they are connected with a large drug-smuggling gang which operates in the Settlement and adjoining areas.

*

Col. William Mayer, U. S. Military Attache; Lieut.-Col. David Barrett and Capt. Horace Greeley, Assistant Military Attaches, were hosts at a dinner in Chungking on June 27 in honor of Gen. Ho Ying-ching, Chinese War Minister, and Gen. Pai Chung-hsi, vice-Chief-of-Staff. The Military Attache of the British Embassy and his assistants also were present. According to the **United Press**, Col. Mayer gave a toast "to the victory of the democratic powers," to which Gen. Ho responded in similar vein.

*

The American motorship Cape Flattery, which docked in Shanghai Sunday, June 29, carried a cargo of 10,000 bags of whole wheat flour which was sent to Shanghai through the American Red Cross for the relief of German Jewish refugees in this city. The wheat was donated by Jewish relief organizations in the U. S. The Cape Flattery also carried lumber, diesel oil, flour, paper, and 355 sacks of mail. The Cape Flattery was built on the Pacific Coast and is on its first trip. It was constructed by the U.S. Maritime Commission and is operated by the American Mail Line. The ship is 418 feet long, 65 feet wide, has a gross tonnage of 6,751, a net tonnage of 3,964, and is under the command of Captain J. C. Story.

Dr. Quo Tai-chi, former Chinese ambassador to London and recently appointed Minister of Foreign Affairs, arrived in Chungking by plane June 28. Dr. Quo crossed the Atlantic by Pan-American clipper and after a visit in the U. S. flew across the Pacific, also by Pan-American clipper, to Manila. He then flew to Singapore and Rangoon by British service and from Rangoon to Chungking by C.N.A.C. Dr. Quo was welcomed upon his arrival at Chungking by more than 220 Chinese officials and foreign diplomats. Dr. Quo said that while in the U. S. he was the guest of President Roosevelt and Secretary of State Cordell Hull. He also said that while on his trip to China he had inspected the formidable defenses at Honolulu, Singapore, and Rangoon.

*

Henry Luce, well-known editor and publisher of **Time** and **Life** magazines, who recently returned to New York from a trip to China, wrote a 10,000-word description of his trip, which was published in **Life** last week. The article was entitled "'China; To The Mountains." The article was accompanied by numerous pictures which were taken by his wife who writes under the name of Clare Boothe. The article describes Mr. and Mrs. Luce's meeting with General and Madame Chiang; Dr. and Mrs. H. H. Kung; General Ho Ying-ching, Chinese War Minister; Dr. Wang Chung-hui, Foreign Minister; and other officials. Mr. Luce referred to General Chiang Kai-shek as the "greatest ruler in Asia since Kang-shi." He said that Madame Chiang was a "more exciting personality than all of the glamor descriptions of her which had been published" and that "General and Madame Chiang will be remembered for many centuries." Mr. Luce also described his meeting with Sir Archibald Clark Kerr, British ambassador, whom he regarded as "the most charming man in China and the most able diplomat in the Far East."

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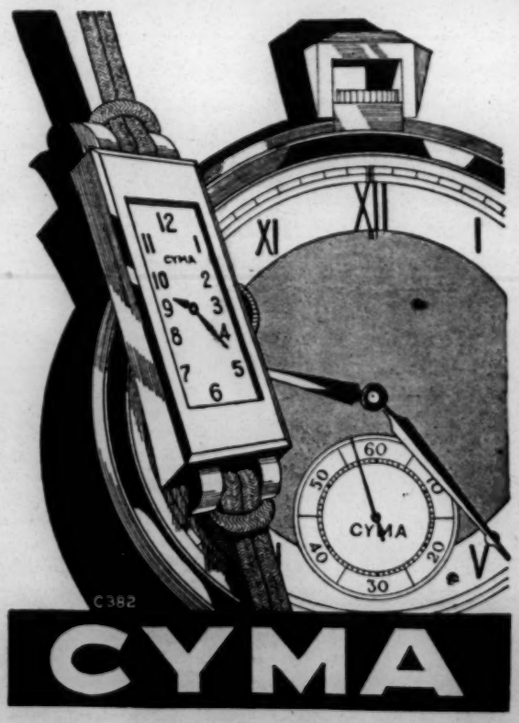

Issaku Okamoto, vice-chairman of the Shanghai Municipal Council, departed last week for Japan on vacation.

•

General Luis Amezcua, recently appointed Mexican Minister to Japan, departed from Mexico City July 1 in order to assume his new post.

•

Takeo Ito, who has had charge of the Shanghai office of the South Manchurian Railway Company, has been appointed a member of the staff of the Manchukuo Embassy in Nanking. Mr. Ito assumed his new position July 1.

•

E. O. Heuser, member of the firm of S. E. Levy and Company, investment bankers and brokers, was scheduled to depart for the U.S. on the President Pierce late this week or early next week.

•

A group of students specializing in chemistry, biology and geology at the National South-west Joint University at Kunming will shortly make a tour of Szechwan and Hsikang provinces for the purpose of studying the national resources of those areas. The student group will be led by Professor Tseng Chao-lun.

•

The German public heard the new "Song of the Eastern Campaign" for the first time when it was broadcast by the German radio on June 29 following a newscast, according to a **Transocean** dispatch from Berlin June 30. The song, which was composed by a young German musician named Morbert Schultze, contains five stanzas and urges the "millions" to advance to victory from Finland to the Black Sea.

•

The Kiangnan Dock, formerly owned by the Chinese Government but now Japanese-controlled, has completed construction of a new cargo steamer, the Chinkiang Maru, which was built for the Toa Kaiun Kaisha. The launching ceremony on June 30 was attended by Rear Admiral Seiji Taketa, commander of the Japanese Naval Landing Party. The vessel will be placed in service on the Shanghai-Hankow run.

•

Mamoru Shigemitsu, Japanese Ambassador to Great Britain who is on his way home, arrived in New York by Clipper June 30 and immediately proceeded to Washington to confer with Admiral Kichisaburo Nomura, Japanese Ambassador to the U. S. Mr. Shigemitsu will then go to San Francisco to embark on the Kamakura Maru on July 5 for Japan. Mr. Shigemitsu formerly served as Consul-General in Shanghai and Minister in Nanking.

•

Francisco Varona, labor attache to the Philippine resident commissioner in Washington, died in the Polyclinic Hospital in New York from an inter-cranial hemorrhage on June 28. Sr. Varona was well-known in Philippine political circles. Sr. Joaquin Elizalde, the resident commissioner, said that Sr. Varona was one of the greatest public servants of the Philippine Islands. His work on behalf of Filipinos in the U.S. and Hawaii is an outstanding monument to his personality which will serve as the greatest of its kind ever performed by a Filipino for his country, he said.

•

The Japanese and Manchukuoan authorities at Hsinking, capital of Manchukuo, announced on July 1 the creation of a new province which will be known as Ssuping. The new province will have an area of 29,000 square kilometers and a population of 3,000,000. Ssuping province was created from parts of Fengtien and Kirin provinces. The governor will be Hsi Chia-huan, who is at present counsellor of the General Affairs Board of the State Council at Hsinking. The vice-governor will be Koyotake Noda, who has also been a counsellor of Manchukuo.

Thomas F. Millard, well-known American journalist in Shanghai who went to Manila several weeks ago, is proceeding to the U.S. shortly.

•

Lawrence Howes, son of James M. Howes, secretary of the American Chamber of Commerce, will sail for the U.S. on the President Pierce which is scheduled to leave here the latter part of this week or early next week.

•

Construction has begun on new buildings of the National Kweichow College of Agriculture and Engineering which will be located at Huachi in eastern Kweihow province. The ground-breaking ceremony was attended by Wu Ting-chang, chairman of Kweichow, and more than 300 local officials and educational leaders.

•

Dr. Sao-ke Alfred Sze, who has gone to the U.S., arrived in Washington last week and immediately called on Under-Secretary of State Sumner Welles. Dr. Sze was accompanied by Dr. Hu Shih, Chinese Ambassador at Washington. Dr. Hu handed to Mr. Welles for presentation to President Roosevelt a scroll signed by 10,000 Chinese children, thanking the American Chief Executive for U.S. aid to China. Dr. Sze, who previously was Chinese Ambassador to Washington and London, will remain in the U.S. for some time and will be associated with T. V. Soong, head of the Chinese economic mission in America.

•

According to a **Transocean** dispatch from Tokyo June 26, some 400 German residents of Batavia, consisting largely of women and children, would be brought to Shanghai by the Japanese steamer Asama Maru. It was originally announced that the Germans would leave the ship here, but a later report said they would be taken to Japan. The presence here of a large number of Nazi refugees would create a peculiar situation due to the presence in Shanghai of some 20,000 Jewish refugees who were expelled from Germany by Hitler more than two years ago.

•

Dr. Hu Shih, Chinese Ambassador to the United States, announced at Washington on June 20 that seven Americans and one Chinese had been given the decoration of "Order of Jade" in recognition of their services to China since the beginning of Sino-Japanese hostilities. Those honored were Mrs. Pearl Buck, authoress; Mrs. Dorothy Canfield Fisher, authoress; Dr. Co Tui and Mr. Frank Meleney, first and second vice-president respectively of the American Bureau for Medical Aid to China; Mr. Maurice William, secretary of the bureau; and Dr. Donald van Slyke and Dr. Joseph McGoldrick, doctors of the bureau. Dr. Hu also announced that the drive now being conducted in the United States for China relief had passed the US$1,000,000 mark. The directors, of the campaign hope to raise the sum of US$5,000,000, stated the report.

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Lieutenant-Colonel Charles I. Wynn of the Headquarters Staff, Fourth U.S. Marines Corps has been transferred to a Marine base on the U.S. Atlantic coast.

•

Captain Horace Greely, assistant U.S. military attache at Chungking, has been transferred to the Philippine Department of the U.S. Army. Captain Greely will be succeeded by Major Richard Grussendorf, who is now stationed in the Philippines.

•

Anhwei Provincial University, which was closed in 1938 following the Japanese invasion of Anhwei, may shortly be reopened, according to **Kuomin** report from Chungking. The new location of the university was not stated. The report said that there is at present no institution of university grade in Anhwei province.

•

Mrs. Howard Bliss, 79-year-old widow of the former president of the American University at Beirut, died in the government hospital at Jerusalem June 29 and was buried in the Mount Zion Cemetery in that city. Mrs. Bliss resided in Beirut for more than 50 years and only departed from the city a few days prior to the Allied campaign in Syria.

•

The Japanese military authorities at Hanoi made further seizures of American goods in Hanoi warehouses June 28. The Japanese action was similar to the seizures of large quantities of American merchandise last May. The goods seized included large numbers of automobiles, gasoline, and other products which were being shipped to west China. The material was stored in warehouses at Hanoi when the Japanese seized that port. The material is being transported by the Japanese navy to Hainan and Formosa. The U. S. has lodged strong protests with the Japanese authorities over the seizure of American goods.

•

The German Consul-General in San Francisco, Captain F. Wiedemann, personal friend of Adolph Hitler, was scheduled to wind up his work and close the consulate July 1. According to a report from San Francisco, Captain Wiedemann planned to proceed to Washington to confer with German Embassy authorities there. Other officers of the German Consulate in San Francisco were scheduled to proceed to Japan, where they will join the German Embassy staff in Tokyo. The German Consulate-General in San Francisco was one of the largest in the U. S. and served as a clearing house for Germans proceeding to and from the Orient from both the U. S. and South America.

The Japanese-controlled Central China Railway Company has announced its intention of reconstructing and enlarging the Shanghai North Railroad station, which was destroyed by Japanese bombs during the fighting in 1937.

•

Master Peter Chung-ming Ku, only son of Mr. and Mrs. Tryphon V. Ku, died at the Shanghai Public Hospital for Children on June 29, after a brief illness. He was born on November 11, 1938. The funeral took place in the evening of June 29.

•

The Japanese Chamber of Commerce and Industry on June 26 recommended that the Japanese Government immediately open negotiations with the Nanking Government to revise Chinese customs duties. According to **Domei**, the revision would result in a general lowering of rates on Japanese products.

•

It was announced in Kunming June 24 that a factory there will shortly manufacture microscopes for use in Chinese schools. The manufacture is under the supervision of the Physics Research Institute of Academia Sinica, which was removed from Shanghai to Kunming in 1937 after the outbreak of Sino-Japanese hostilities. Orders have been received for 200 microscopes, stated the report.

•

It was announced in Tokyo on June 24 that a group of 14 scientists and scholars will depart from Hokkaido, Japan's northernmost island, for the Kurile Islands shortly for the purpose of engaging in research work. The governor of Hokkaido will accompany the party. According to a **Havas** message from Tokyo, this will be the first official survey of the Kurile Islands since their annexation by Japan in 1873.

•

The various Japanese interests concerned with the production of minerals have announced plans for the early establishment of a Mining Research Institute at Hanoi, Indo-China. The report stated that the institute would involve an expenditure of approximately Yen 500,000. It will immediately make a survey of Indo-China's mineral resources including anthracite coal, zinc, tungsten, manganese and phosphates as well as means for their exploitation. The institute will be under the supervision of Yoshio Minemura, former Japanese Consul-General at Hanoi. Organizations cooperating in the institute will include the Overseas Mining Association, South Seas Development Association, Formosan Mining Development Association, Mitsubishi Mining, Mitsui Mining, and Nippon Mining Companies.

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New Books of Interest in the Far East

Three Famous Women

THE SOONG SISTERS—By Emily Hahn; Published by Doubleday Doran & Co., Inc. New York, Price, U.S.$3.00.

Emily Hahn is no missionary zealously attached to Madame Chiang and no Communist devotee of Madame Sun; nor is she a fly-by-night sensation-monger who has tried to gather all the most startling rumors possible in order to create another astounding book on exotic Old Cathay.

Miss Hahn is simply a good writer, interested in the human side of things, and in "The Soong Sisters" she tells the human and warm story of a Chinese family—a family that would have been interesting in itself even if its members had not become the guiding hands of China.

We enter into the portals of the Soong home and share the vicissitudes and life of the family from the time when the father, Charlie Soong, was a poor, struggling apprentice in America to the time when his children had become molders of his own land—a land he scarcely knew or understood. The author keeps us nearly always within the quiet portals of the home and scarcely ever are we in the government yamen.

It was an interesting family because of its extreme Westernization, its deeply-rooted Christianity and its revolutionary thoughts, all possessed at a time when few families in China felt so similarly or with such deep conviction. A most attractive part of this book is seeing the Soong family adapt themselves to a China that was really foreign to them in all ways. It is this adaptation to the Chinese mind and conditions, rather than the Soongs wrestling with Chinese politics, that seems to make the book engaging.

The author has had to overcome many difficulties, as any writer does, in writing about China. There is that remarkable hyper-sensitivity of the Chinese to the printed word—the sensitivity that regards any criticism as an insult or personal dislike on the part of the writer. It is perhaps a good thing that the American public does not want to hear anything adverse about the Soong sisters or how the Kung family has come in for ample public censure, for this has made Miss Hahn's task much easier.

There was undoubtedly much material that Emily Hahn could not obtain from the family. We learn very little of the early days of the Soongs in Shanghai, when they were a poor, struggling folk, and practically nothing of the mother's life. However, in spite of it all, Miss Hahn's long experience in China, her acquaintance with the sisters, her sympathetic grasp of Chinese psychology and her natural detachment have aided in making this the first-rate book it is.

In dealing with the family, only Madame Sun looms as really great. Madame Chiang stands out as a capable, efficient type. The author remarks that when the two elder sisters visited Chungking Madame Chiang was "beaming with a simple pride that is touching; for some reason we are always pleased when public figures prove to have private feelings." Madame Kung is the only human woman of the book—even the mother seems a vaguely stern soul—human in the sense, too, of being possessed of her share of frailties. The early lives of the sisters is much better dealt with than their later lives, and there is much good source material for the former.

The one really engaging character, and the only character of the book we really seem to know, is the father, Charlie Soong, who didn't want to be a shop-boy in America, and didn't want to be a preacher—although that was the only field his American patrons would educate him in. And on his return to China he didn't want to accept all the ancient ways and ideas of a country he had never known since he was nine. He was simply one who rebelled against any stereotyped fate and by rebelling helped to bring a new China, not so much through himself as through his daughters.

In the daughters' defiance of old ways, in their blazing of new trails, there is much in them from Charlie Soong. But what strikes the reader about these girls is not merely that they were so different from their generation but that such foreignized women could manage to get control of the imagination of the Chinese and make the Chinese accept their ways. Foreignized as they were, we could easily have imagined them never being able to adapt themselves to their people, let alone mold them.

As to shortcomings of the book, it has been said that not enough of it deals with Madame Sun. Devotees of that great lady would scarcely be satisfied unless the whole book dealt with her. It is true that considerable emphasis is placed on Madame Kung, but as the elder sister, the guiding hand and link for the younger sisters, and the hitherto least publicized of the three, it is perhaps not unusual that the pivot of the family should be made the pivot of the book.

Miss Hahn curiously enough accords a more sympathetic treatment to Madame Kung than to any other character in the book. Is it not even more than poetic license to "relegate Madame Sun to the Left, Madame Chiang to the Right, because of her husband's anti-Communist activities, and Madame Kung to the Center; the Communist, the Capitalist and the—Liberal"? (p. 134.) At least the publishers must have thought so, for on their overleaf they have very nicely adjusted matters to suit themselves by switching the positions "with Madame Kung on the far Right, Madame Chiang in the Center, and Madame Sun on the far Left."

Despite her sympathy with certain figures as Madame Kung, the author is unsympathetic to other personages, such as Generalissimo Chiang; his stress on discipline is just something which does not appeal to a warm and human person like Miss Hahn. And she seems to regard the Chiang-Soong marriage as something Soong Mei-ling contracted out of duty to her country, without considering that even if it were so a sense of duty often leads to the greatest deeds, and that some people only achieve happiness through fulfilling what they consider their duty.

To the reviewer's mind, the only real lack of the book is the failure to view the family or sisters from the viewpoint of how their own generation saw them or how much, ultimately, they influenced their generation and their nation's history. The private role of the women is stressed too much to the neglect of the women as national figures. Madame Chiang has certainly stimulated the women of China to come out of

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Shanghai, China.
June 7th, 1941.

their shells and take something of an interest in civic and national concerns. By focusing attention on neglected children, by linking her country closer to America and in many other ways Madame Chiang has made her mark on China. What of Madame Sun's heroic example to the younger generation? What of the influence of these women on the men they married, particularly in the cases of Mesdames Kung and Chiang? Or as to Mesdames Sun and Chiang, what effect for example, did the fact that they had no children have on their development?

It is true there is more than ample national history given in the book, but it is history apart from the Soong Sisters.

All this does not mean that "The Soong Sisters" is not a first-rate book; it is. It will undoubtedly be read for years to come. It will probably never be surpassed unless the sisters themselves write their own story. Madame Chiang being the literary woman she is, we can expect that someday.

ADELINE GRAY

Japan Military Men Arrive in Manchuria

The Japanese military mission, consisting of high officers from both the army and navy, which has been in Germany and Italy for many months, arrived in Manchukuo early this week on the return trip to Japan. The mission, which was headed by Lieutenant-General Tomoyuki Yamashita, had barely reached the Russian border between Germany and Russia. Several Italian and German diplomatic officials who were traveling with the Japanese Mission were detained by the Soviet authorities.

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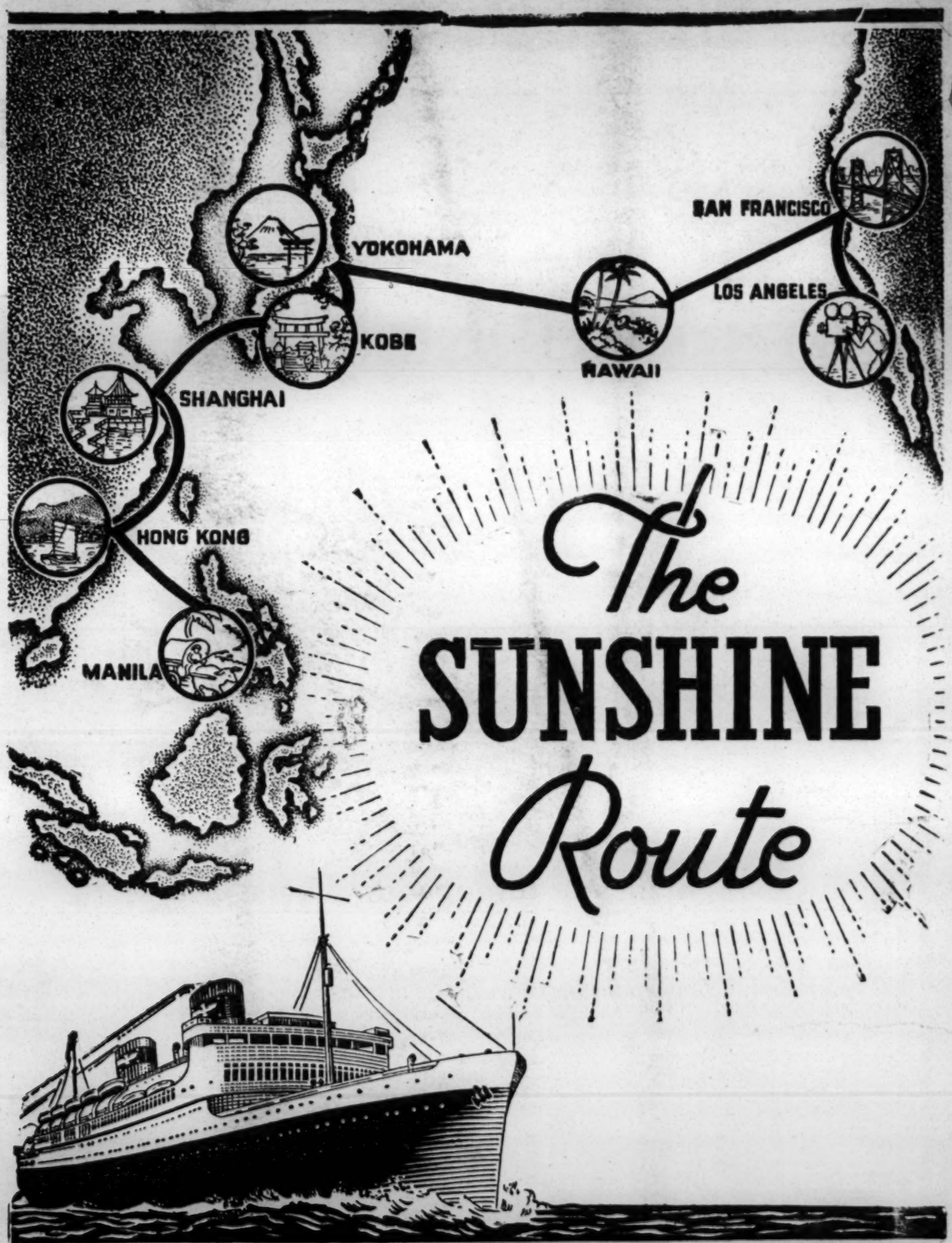

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